Guinness

Creating a new blend

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Mike Espy

One of Clinton's new crop

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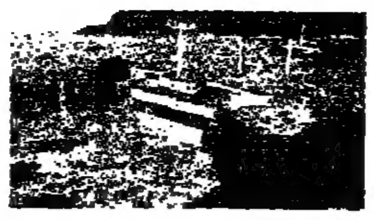

Salvage experts

Heroes or vultures?

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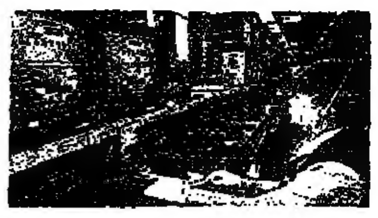

FT NEWSPAPER of THE YEAR

FINANCIAL TIMES

Europe's Business Newspaper | WEDNESDAY JANUARY 13 1993 | D8523A

French inflation rate drops to 36-year low of 2%

France's inflation rate fell to 2 per cent last year, the lowest for 36 years and sharply down on the 3.1 per cent of 1991. Last year's rate was 1.8 percentage points below that of Germany, reinforcing the French government's view that there is no economic imperative to devalue the franc against the D-Mark. Page 12

Arabs urge Israeli sanctions: Arab nations will press the UN to impose sanctions against Israel over the Palestinian expulsion issue, but stopped short of threatening to walk out of Middle East peace negotiations. Page 3

Trade talks come unstuck: US and EC tariff negotiators broke off talks in Geneva after reaching an impasse, damping hopes of concluding a Uruguay round deal before US president-elect Bill Clinton takes office. Page 4

Investors wary of Japan: International investors reduced their net purchases of Japanese securities last year by 85 per cent to Y841bn ($6.8bn) in spite of government attempts to steady the markets. Page 13

Guinness, UK brewing and spirits group, is to cut 700 jobs in its United Distillers' Scotch whisky production and plans to accelerate reorganisation at its Cruzcampo brewing operations in Spain. Page 13

Lloyd Bentsen aims for 3% growth:

Lloyd Bentsen (left), US president-elect Bill Clinton's Treasury secretary nomination, said at the start of his Senate confirmation hearing that he would strive for at least 3 per cent growth. But he signalled that a balance would be struck between investment and fiscal restraint, saying there would be a "very major emphasis on deficit reduction". He also told the committee that the US wanted to revive co-ordination between G7 leaders. Page 4

KIO move hits difficulties: A bid by the Kuwait Investment Office to sell its controlling stake in food company Ebro ran into problems when KIO's former chief Spanish executive threatened to block the deal. Page 13

Demand for elections in India: The leader of the India's militant Hindu BJP party demanded immediate elections, claiming the government had lost its mandate. Violence in Bombay continued for the ninth day. Page 3

Honecker trial abandoned: A Berlin criminal court abandoned the manslaughter trial of Erich Honecker but the former East German leader cannot go free until he is also cleared of embezzlement charges. He is expected to join his family in Chile. Page 2

Schlüter fights for survival: Denmark's minority government of prime minister Poul Schlüter faces possible downfall over "Tamilgate", the scandal alleged to involve deliberate delays in granting visas to Tamil refugees. Page 2

Dutch defence cuts: The Netherlands is to abolish conscription by 1996 and cut its armed forces by nearly 45 per cent over the next seven years, resulting in total spending cuts of around Fl 14bn ($7.8bn) by 2003. Page 2

World's biggest cruise ship: The world's largest cruise ship could be at sea within four years after an estimated $400m deal between Fincantieri, Italian state-owned shipbuilder, and Carnival Cruises of the US. Page 12

Bank of China to issue HK notes: The Bank of China is to issue paper currency in Hong Kong from May 1994 underlining Beijing's growing role in the colony's business. Page 3

Savimbi prepares for battle: Troops belonging to Jonas Savimbi's rebel Unita movement were massing troops near four Angolan cities in preparation for a counterattack. The whereabouts of Mr Savimbi remain unclear. Page 3

Press clampdown dropped: Proposals for statutory regulation of the UK press were rejected by prime minister John Major amid disclosures that members of the royal family had leaked stories to newspapers. Page 6

'Electronic smog' warning: Fatal accidents can sometimes be caused by electromagnetic pollution interfering with sensitive equipment, a UK industry minister warned. Page 12

STOCK MARKET INDICES

FT-SE 100:	2,757.9	(-15.5)
Yield	4.48	
FT-SE Eurotrack 100	1,071.43	(+1.56)
FT-A All-Share	1,336.17	(-0.5%)
Nikkei	16,681.05	(+91.50)
New York: lunchtime		
Dow Jones Ind Ave	3,262.21	(-0.54)
S&P Composite	430.94	(-0.01)

US LUNCHTIME RATES

Federal Funds:	$2\frac{15}{16}$%
3-mo Treas Bills: Yld	3.075%
Long Bond	$101\frac{13}{16}$
Yield	7.466%

LONDON MONEY

3-mo Interbank	$7\frac{1}{8}$%	($7\frac{3}{16}$%)
Liffe long gilt future:	Mar $99\frac{1}{2}$	(Mar $99\frac{21}{32}$)

NORTH SEA OIL (Argus)

Brent 15-day (Feb)	$17.06	(17.5)

Gold

New York Comex (Jan)	$328.5	(327.5)
London	$330.05	(327.35)

STERLING

New York lunchtime:		
$	1.5435	
London:		
$	1.54	(1.5535)
DM	2.5125	(2.5325)
FFr	8.5275	(8.61)
SFr	2.3075	(2.315)
Y	193	(194.25)
£ Index	81.8	(82.2)

DOLLAR

New York lunchtime:		
DM	1.62935	
FFr	5.52825	
SFr	1.4965	
Y	125.185	
London:		
DM	1.632	(1.6305)
FFr	5.5375	(5.5425)
SFr	1.499	(1.4905)
Y	125.25	(125.05)
$ Index	66.7	(66.4)

Tokyo close Y 125.65

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00		
Bahrain	Din1.250	Hungary	Ft162	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lw25.00	India	Rs40	Neth	Fl 3.75	Spain	Pta200		
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr15		
Czech	Kcs35	Israel	Shk5.50	Norway	NKr16.00	Switz	SFr3.20		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Syria	S£50.00		
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht50		
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250		
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Turkey	L6000		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	UAE	Dh11.00		

Karadzic's change of heart brings accord on constitutional question

Serbs agree Bosnia peace plan

By Robert Mauthner in Geneva

MR Radovan Karadzic, the Bosnian Serb leader, last night accepted an international plan to end the war in the republic subject to approval within seven days by the Bosnian Serb parliament.

In a dramatic reversal of his earlier rejection of the plan put forward by international mediators, Mr Karadzic's decision came only hours after talks in Geneva had been brought to the brink of collapse.

His agreement to the constitutional principles was announced in a communique issued by the spokesman of Mr Dobrica Cosic, the president of the rump Yugoslav federation, which comprises the republics of Serbia and Montenegro. It could open the way to adoption of the overall peace plan drawn up by Mr Cyrus Vance and Lord Owen, co-chairmen of the conference, which includes an ending of hostilities and division of Bosnia-Hercegovina into a state with 10 semi-autonomous provinces.

Mr Fred Eckhard, the conference spokesman, said: "Our assumption is that the constitutional agreement is an icebreaker." He added that the negotiations on the other two agreements would now go forward with a "certain momentum". He expected the military agreement to be the easiest to complete since it was "already 95 per cent done."

It was clear from the communique that Mr Slobodan Milosevic, the Serbian president, and Mr Cosic, who had been asked to join the negotiations between the warring factions in Bosnia by the co-chairmen, had played a crucial role in changing Mr Karadzic's mind.

The communique spoke of "the insistence" of the two presidents "proceeding from the interests of the Serbian people for a peaceful solution to the crisis".

Mr Milosevic said on leaving the talks: "I must say that we have realised a very essential, very important step towards peace. The fact that the basic principles are accepted by all the delegates is a very big success of this session of the Geneva conference. I firmly believe that this conference will be as successful in the future as it was today."

Mr Karadzic made clear that he had been persuaded that the proposed provinces into which Bosnia would be divided would have a very wide measure of autonomy. "You could say there will be many states within a state. We are going to present it [the deal] honestly to our assembly and I do think it is going to pass."

However, he said he continued to object to the proposal in the cessation of hostilities draft agreement to place all heavy weapons under the control of the United Nations.

Early in the afternoon, any prospects for a peaceful solution seemed to have disappeared when the grim-faced co-chairmen announced that Mr Karadzic had turned down their constitutional proposals, considered to be an essential condition for a peace settlement.

Though they said the conference had only adjourned, they could not say if, or when it would be reconvened.

Mr Vance and Lord Owen said that Mr Karadzic had resisted pressure from all sides to accept the constitutional principles. Essentially, his objection was the same as he had voiced throughout the negotiations: that the sovereign, independent state, divided into 10 largely self-governing provinces, would deny the Serbs their own "state within a state".

As an alternative to the co-chairmen's proposals, Mr Karadzic had put forward his own eight-point constitutional plan proposing "a composite state" made up of three constituent units based on ethnic groups – Serb, Croats and Moslems.

As distinct from the provinces proposed by the co-chairmen, these units would be entirely independent in international as well as domestic affairs, a provision which would allow Serb regions eventually to join with a greater Serbia.

Mr Vance, appointed by the UN, said he would inform Mr Boutros Boutros Ghali, the UN secretary-general, that the only one who said flatly "no" to the co-chairmen's constitutional proposals was Mr Karadzic, and that this should be communicated to the Security Council.

Lord Owen said he had already informed the Danish presidency of the European Community, which had appointed him as its representative to the peace conference, of what he called "the breakdown" of the talks.

Picture, Page 12

Saddam continues to taunt allies

By Roger Matthews and Ralph Atkins in London

PRESIDENT Saddam Hussein continued to taunt the United Nations and western allies yesterday. He changed the status of surface-to-air missiles to operational in the northern air exclusion zone and for the third consecutive day sent men across the border into Kuwait.

General John Shalikashvili, the US supreme allied commander of Nato forces in Europe, said in Washington that Iraq was continuing its policy of "going to the brink".

He warned that Iraq could provoke a "dangerous accident" by changing the status of SA-2 and SA-3 missiles in the zone north of the 36th parallel. Mr Robert Gates, the CIA director, said on Monday that Iraq had resumed moving missiles in and out of the southern no-fly zone.

The Iraqi leader also ignored the UN condemnation of Iraqi incursions across the newly demarcated border into Kuwait. About 150 Iraqis continued their removal of warehouses and equipment near the port of Umm Qasr yesterday in defiance of the UN statement issued late on Monday night which warned of "serious consequences" if they persisted. The UN also demanded the return of missiles and other military equipment removed on Sunday.

The UK government said its impatience with Iraq was growing and that further defiance of UN resolutions would be met by "whatever action is deemed necessary – and that includes military action".

Officials recognise that Iraq is testing the UK, US and other allies with small-scale incursions into Kuwait. But Britain signalled that any reaction need not be proportionate to individual violations and could reflect the cumulative impact of a succession of "flea-bites".

The Security Council met on Monday after two incursions by Iraqis. Up to 500 men were involved in the seizure of arms from four weapons bunkers on Sunday. On Monday, about 150 crossed the border and dismantled several warehouses.

Mr Marlin Fitzwater, the White

Continued on Page 12

Policy on competition in the EC to broaden

By Andrew Hill in Brussels

The European Community's competition policy will be exercised in a determined, pragmatic and even-handed way "without ideological preconceptions", the new competition commissioner said yesterday.

Strict competition principles will not be the sole guidelines for EC anti-trust and subsidy decisions over the next two years, Mr Karel Van Miert told the Financial Times.

Mr Van Miert, a Flemish socialist who took over the portfolio a week ago, indicated he would model EC competition policy on the German and Japanese approaches, taking into account other influences, including industrial, environmental, regional and social pressures.

"I'm inclined to look at the whole picture. Since I've received specific responsibility for competition I will look after that element first. But I will not lose sight of the other considerations and other interests involved," he said.

Mr Van Miert, 50, formerly commissioner for transport and consumer policy, replaced Britain's Sir Leon Brittan, the EC's new trade commissioner, who was known as a hard-liner on competition policy. The move was quietly welcomed by EC members like France and Italy, which bore the brunt of Sir Leon's campaign against illegal state subsidies.

But Mr Van Miert warned yesterday there would be no change to existing rules and pragmatism would not be "a way of putting off things and being relaxed about [competition]". Mr Van Miert has already won his free market spurs: as transport commissioner, he pushed through liberalisation of the EC air transport sector, which should bring down European air fares.

He said state aids would provide the biggest challenge of his term in office, which will last only two years, assuming the Maastricht treaty is ratified. In the past two years, he has approved state aid to Sabena, the Belgian airline, and Iberia, the Spanish national carrier, on condition that the companies were restructured and government did not inject more subsidies.

Mr Van Miert indicated he might be more flexible than his predecessor about the timescale for reducing state subsidies to individual companies, although the objective – to avoid distortions of the EC single market – would be the same.

"I don't share the view that the only credo should be less and less state intervention. But if there is still state intervention it needs to be efficient," he said.

The tanker Braer breaks up on the rocks of the Shetland Islands, ending hopes of salvaging any of its cargo of oil

Unsung heroes, Page 8

400 tonnes of gold reserves sold by Dutch central bank

By Kenneth Gooding, Mining Correspondent, in London

THE DUTCH central bank shocked the gold market yesterday by revealing it had sold one quarter of the gold in its reserves – 400 tonnes of the precious metal, equivalent to about 20 per cent of the gold mined in the western world last year.

This intensified fears that the central banks, with 35,500 tonnes of official gold in their vaults – or 15 years' output from today's mines – would become important suppliers of the metal to the market and hold back price rises.

The market, which is already gloomy because the gold price in US dollars started 1993 at the lowest level for seven years, initially reacted with relief that so much gold had been absorbed without more disturbance. The gold price closed in London at $330.05 a troy ounce, up $2.70.

However, analysts unanimously said the news would further damage sentiment among potential gold investors. "There is a strong, steady demand for gold that ought to take the price higher, but this supply from a non-traditional source is limiting the upward potential," said Ms Rhona O'Connell, analyst at Williams de Broë, part of Banque Bruxelles Lambert. Mr Andy Smith, analyst at the Union Bank of Switzerland, noted the Dutch central bank said it had acted "after several months of deliberation". "This was not a panic sale," he said. "It was premeditated. It was strategic, not tactical, yet the bank sold when the price was near seven-year lows. The gold market will be asking: which bank will be next?"

The Dutch bank was following the example set by Belgium, which sold 127 tonnes of gold from its reserves in March, 1990, and a further 202 tonnes last June. "It took two years for Belgium to sell again, and then it doubled the quantity. It took only six months for the Dutch bank to follow – and to double the quantity again," said Mr Smith.

A Dutch central bank official said the gold was sold last year through the London market to bring Dutch gold reserves into line with other major gold-holding countries. Permission for the sale was received from the finance ministry at the end of October, suggesting the dollar price was between $324 and $334 an ounce. The sale reduced gold to 40 per cent of the Dutch bank's total reserves.

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Schlüter fight to survive 'Tamilgate'

By Lionel Barber in Copenhagen

DENMARK's minority government yesterday laid plans to prevent its possible downfall over the "Tamilgate" affair, the scandal alleged to involve deliberate delays in granting entry visas to Tamil refugees from Sri Lanka.

Mr Poul Schlüter, prime minister, held the first cabinet meeting of the new year to discuss the likely fall-out from a 6,000-page judicial report to be published tomorrow.

The report investigates charges that Mr Schlüter knowingly misled parliament over the visa restrictions which legal experts argue were introduced in 1987 in breach of Denmark's liberal immigration law.

A damning report could seal the fate of Mr Schlüter's conservative liberal coalition, which has held power for 10 years, and prompt an early general election, an embarrassment for Denmark, which holds the EC presidency.

An election campaign could also complicate plans for a second referendum on the Maastricht treaty, which Mr Schlüter said yesterday could be held on April 27.

But Danish officials and politicians yesterday insisted a switch of government would not harm prospects for Maastricht since seven out of Denmark's eight parties now supported the treaty under a special deal agreed at the Edinburgh summit last month.

Mr Helvig Pedersen, leader of the Radical Liberals, who hold the swing position in parliament, said one reason voters rejected Maastricht last June was their concern about losing Danish citizenship in a European political union. "We are a homogeneous population with almost the same race and the same religion. We are not used to black people coming in. We have experienced more difficulties than we would like," he declared.

In the past, most immigrants in Denmark came from Scandinavia, Germany and the UK, but the collapse of the Soviet empire and the Yugoslav civil war has raised migrant pressures on Denmark's 5m population.

Last year, 15,000 asylum seekers came to Denmark, including 9,000 from Yugoslavia.

As in Germany, Danish politicians are considering tighter laws on asylum seekers. Visas are required for people coming from Serbia, but broader controls are provoking opposition from the Liberal and Social Democratic parties.

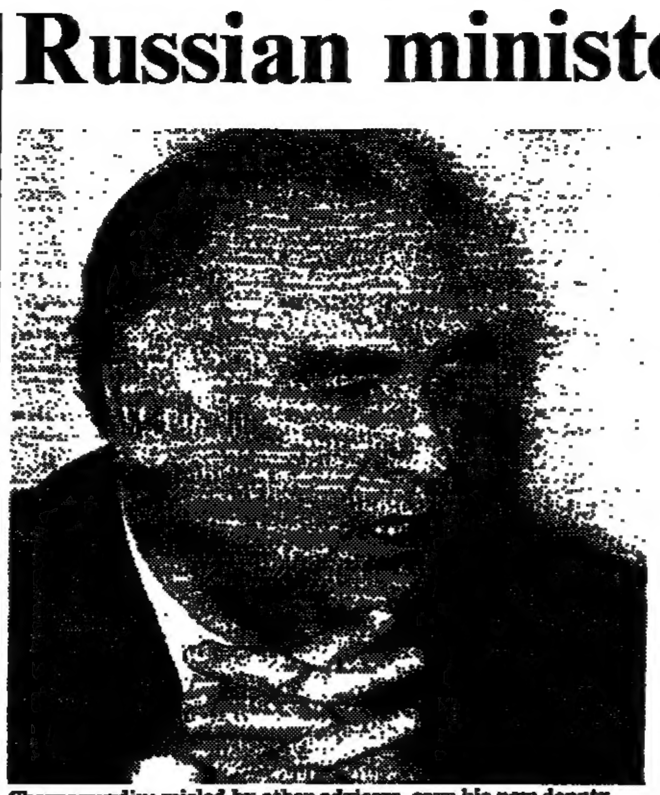
One option is to introduce "temporary refugee status", offering shelter without incurring the obligation of taking in relatives of refugees.

This would probably have prevented the "Tamilgate" scandal which turns on whether the then justice minister broke the law by denying Tamil refugees the right to bring their close relatives to Denmark.

Danish newspapers this week are speculating that Mr Schlüter would be likely to survive the report, providing that it does not criticise him directly.

But the test will come from other political parties, including the Social Democratic party and the Radical Liberals. Yesterday, Mr Pedersen refused to show his hand, saying: "We will draw our conclusion on what is right".

Russian minister attacks price curbs



Chernomyrdin: misled by other advisers, says his new deputy

By Leyla Boulton in Moscow

MR Boris Fyodorov, Russia's new deputy prime minister for economics and finance, was yesterday trying to persuade Premier Viktor Chernomyrdin to reverse controversial price curbs which he described as impracticable and politically inappropriate.

Mr Fyodorov, in Washington when the curbs were adopted last week, said he believed Mr Chernomyrdin had been "misled" by other advisers in taking a decision "contrary to market reform". The government ordered enterprises to restrict their profit margins to 10-25 per cent, widening the scope of existing restrictions.

"Economically speaking, it is not possible to implement. . . from the political point of view, it is just wrong," Mr Fyodorov said in Moscow. "We will fight to neutralise it or repeal it for good." He was later due to meet Mr Chernomyrdin. Mr Fyodorov, 35, revealed he would propose measures next week for "further reform, make the rouble stronger, and stabilise the situation". This would include a sharp rise in interest rates, measures to try to stop the rouble being spurned in favour of the dollar as a means of payment within Russia, and promote a bond market to help finance the budget deficit.

He would also propose creation of escrow accounts in Russian-owned banks abroad, such as Moscow Narodny in London. These would hold a portion of profits from Russian enterprises in hard currency, giving foreign investors the guarantees they sought, while enabling the Russian authorities to monitor the flow of capital in and out of Russia.

Asked if he was intruding into areas previously managed by the central bank, he claimed the central bank was failing to defend the national currency.

"The central bank cannot operate in a vacuum. The government has a certain priority. If the central bank were fulfilling its function, we would not worry. But if it is not, then I have to worry," he said, promising to take his case to the public if necessary. "If the rouble rate falls and inflation increases, people should know it is because the central bank is not performing its role."

"I believe that without a strong rouble it is not possible to stop a fall in production and living standards." He was against the indexation of enterprises' working capital carried out until now by the central bank and finance ministry.

Money should instead be spent on social security payments for those in need or who stood to lose their jobs as enterprises closed. He wanted to ensure the central bank "did not interfere" in areas such as industrial production, which it has sought to prop up by providing cheap credit for struggling state enterprises.

New Irish cabinet to tackle punt crisis

By Tim Coone in Dublin

IRELAND'S new Fianna Fail-Labour coalition government, which formally took office last night, is likely to tackle the crisis facing the punt at its first cabinet meeting today.

Interest rates in the Dublin inter-bank money market continued their roller-coaster ride yesterday, falling sharply as the central bank dropped its overnight lending rate from 100 to 30 per cent. It also offered limited amounts of one-month funds on tender to the clearing banks at 14 per cent in an effort to improve liquidity in the market and head off commercial interest rate rises.

The punt traded above its ERM floor yesterday.

However, the fall in money market interest rates appears unlikely to avert a threatened increase of 3 percentage points in mortgage rates later this week by the main Irish building societies.

Mr Michael Torpey, treasurer at the Irish Permanent Building Society, said: "We will need a substantial cut in wholesale money market rates if we are to hold off a rise in mortgage rates. We are now assessing the situation on a day-by-day basis."

In the inter-bank market, one-month rates fell from 60 to 40 per cent yesterday. Mr Mike Lennon, the head of treasury and funding at the EBS building society in Dublin, said the one-month rate would have to fall to between 15 and 20 per cent "and have a prospect of remaining there", if the mortgage rate rise was to be avoided.

A rise of 3 percentage points in mortgage rates to 17 per cent, while price inflation is projected to be less than 2 per cent this year, would be a blow to the new coalition in its first week in office, and could undermine its stated resolve to maintain the punt at its present parity within the ERM.

Interest rate management has become the central bank's main weapon in defending the punt since exchange controls were lifted on January 1.

Mr Albert Reynolds, the Fianna Fail party leader, was formally re-elected as prime minister by parliament yesterday, with the support of the Labour party's 33 deputies, thereby sealing the new coalition pact. Labour is to be allocated six of the 15 posts in the cabinet.

Mr Dick Spring, the Labour party leader, will take charge at the Foreign Ministry.

Mr Bertie Ahern, the outgoing finance minister, is widely expected to retain his portfolio.

Rover faces EC fine over discounts

By John Griffiths

ROVER may be fined by the European Commission for restricting the discounts some of its dealers could offer customers in 1989 and 1990.

The British car maker has offered to pay compensation.

The restriction breaches EC competition policy and could lead to prosecution under Article 85 of the Treaty of Rome.

However, the Commission said yesterday no formal charges had yet been brought against Rover over the discount restrictions. It therefore dismissed suggestions that Rover could be facing a fine of £2.5m and a bill for compensation of up to £65m ($98.8m).

The British Aerospace subsidiary is already involved in another dispute with the Commission, which wants repayment of £44.4m government aid granted to BAe when it bought Rover in 1988.

Rover Group refused to comment on the discounts issue yesterday. But it does not dispute that the restrictions occurred. It has offered compensation of £500,000 but this so far has proved unacceptable to the Commission.

Rover's case is that the restrictions were imposed between late 1989 and early 1990 by several UK regional offices which were unaware they breached EC rules; that they were imposed without the knowledge of Rover's board; that they affected relatively few transactions; and that they were stopped as soon as the board became aware of them.

Whether the Commission does decide to institute proceedings, and the size of any fine, is expected to depend on the outcome of discussions over compensation.

Minister pledges move to join mainstream of competitive countries

Italy to press on with state sell-offs

By David Marsh
European Editor

ITALY will join the mainstream of competitive European countries with its planned privatisation of a large swathe of state-owned industry, Mr Piero Barucci, treasury minister, predicted yesterday.

Launching a presentation of prime companies to be sold to private shareholders, he told London bankers that privatisation would curb the "anomaly" of the undue size of Italy's public sector. "The path we are following is full of problems. There will be a lot of dissent. But the government doesn't have any alternative."

Yesterday's one-day conference was the first full-scale presentation to foreign investors of the disposal programme formulated by the government of Mr Giuliano Amato. A line-up of heavyweight Italian government and corporate representatives attracted an audience of about 500.

Mr Barucci stressed the government would approach the problem pragmatically, learning from other countries' experience in dismantling the public sector, above all the UK and France.

But yesterday's session failed to clear up some important details about the privatisation programme.

Mr Barucci confirmed that the government would sell off 51 per cent or more of some state groups. He also announced that a package of incentives to increase private investors' interest in share flotations, delayed at the end of last year, would be passed by ministers on Friday.

But he could not dispel doubts over whether Italy's relatively thin stock market will prove adequate to cope with the large amounts of equity likely to be sold in coming years. "The great question is how to encourage retail buying of shares in a country which relies on large private purchases of bonds to finance the budget deficit," one banker at the conference said.

The government plans to raise L7,000bn (£3bn) in privatisation revenues this year, followed by L10,000bn each in 1994 and 1995.

Mr Barucci refused to countenance having to lower this target if Italian economic sluggishness persisted.

Asked whether Italy might face deflation if it tried to cut its budget deficit in line with the Maastricht economic performance targets, Mr Barucci said anyone who predicted such a "desperate" outcome should fly to the moon. "You must be optimistic. This is the only way."

Mr Franco Bernabè, managing director of ENI, the state oil and petrochemical concern, admitted that the recession was a "large problem" for efforts to privatise groups hit by lack of demand. But he said hidden reserves in ENI's balance sheet of an estimated $10bn-$15bn (£6.5bn-£9.7bn) represented a powerful attraction for investors.

There was also some confusion about possible safeguards to prevent foreign shareholders building up controlling interests in strategically important Italian companies.

Mr Bernabè said Italy would bring in a "softer version" of the so-called "golden share", designed to pre-empt control of certain companies by foreign shareholders.

But Mr Michele Tedeschi, managing director of the industrial and banking holding group IRI, said there would be "no prejudice" against foreign investors.

The depth of the recession in the Italian economy was underlined yesterday with figures showing that gross domestic product declined 0.6 per cent in the third quarter of 1992, writes Robert Graham in Rome. The quarterly figure means GDP was growing at an annual 0.8 per cent to the end of September. This is the lowest annual growth rate in a decade, although the economy has slowed each year since 1989. The government had projected zero growth in the third quarter and expected GDP to grow by more than 1 per cent over the year. The main cause for the sharper drop in growth was the slowdown in the industrial sector. The only positive note in the third-quarter figures was a 4 per cent increase in exports.

Magistrates move on Craxi charges

By Robert Graham in Rome

MILAN magistrates yesterday submitted their request to the Italian parliament to waive immunity on Mr Bettino Craxi, the Socialist leader, in order for him to face charges of alleged corruption and illegal financing of his party.

The magistrates are understood to have listed 22 separate episodes involving Mr Craxi. Most of these relate to alleged kick-backs on public works contracts. The document, running to 118 pages, is far more extensive than those on 13 members of the senate and chamber of deputies involved in the Milan corruption scandal.

In previous cases it has taken as long as five months for the process to pass through the two houses of parliament. Mr Craxi was served notice he was under investigation on December 15.

But last Friday he was served with a second notice that he was under investigation for two further instances of alleged corruption.

Mr Craxi last month declined to step down from the party leadership but is under mounting pressure to do so at a special party congress due to be held before the end of January.

The plight of Mr Craxi and the Socialist leadership crisis has raised once again the fate of the four-party coalition government of Mr Giuliano Amato.

The Socialists are the principal partners alongside the Christian Democrats in the coalition.

Mr Amato has publicly stated he has no wish to head both the government and the party and one compromise being touted is for him to assume the presidency, with Mr Claudio Maretelli, the ambitious justice minister, becoming secretary.

This formula could enable the government to stay in office. However, a number of leading opposition politicians including Mr Achille Occhetto, leader of the former communist Party of the Democratic Left (PDS), Mr Umberto Bossi of the Lombard League and Mr Girogio La Malfa of the small Republican party have begun to call for a broader-based government.

In recent days they have argued that only a government representing all the main political forces has the strength and legitimacy to preside over the introduction of electoral reform, which has now moved to the top of the agenda.

Dutch announce huge defence cuts

By Ronald van de Krol
in Amsterdam

THE Netherlands is to abolish conscription by 1998 and cut its armed forces by nearly 45 per cent over the next seven years, as part of wide-ranging measures to adapt its security apparatus to the end of the cold war and the growth in peacekeeping operations.

The proposed measures, presented to parliament yesterday, will produce total spending cuts on defence of around Fl 14bn ($7.6bn) between 1994 and 2003 and will involve the closure of many military barracks across the Netherlands.

The proposals, to be debated by parliament in March, go significantly further than a government white paper in early 1992 which had called for a 30 per cent reduction in the Dutch armed forces.

Under the Defence Ministry's "priorities review" paper, the Netherlands' combined armed forces will drop to 70,000 personnel around the turn of the century, from more than 125,000 at present, with the army scheduled to face the biggest cuts because of the move to an all-volunteer force on January 1 1998. The Netherlands now has 48,000 conscripts who each serve 12 months.

Mr Relus Ter Beek, defence minister, said the sweeping cuts had been agreed with the Netherlands' Nato partners. The Netherlands would remain prepared for large-scale conflict but its armed forces would concentrate mainly on readiness to handle crisis management, along with humanitarian and peacekeeping operations.

If a serious conflict blew up the Netherlands would be able to swell its 70,000-strong forces to about 110,000 by calling up reserve personnel.

Honecker set to go free

By Quentin Peel in Bonn

MR Erich Honecker, the former East German Communist leader, was last night on the point of being released from prison after the Berlin constitutional court ruled he was too sick to stand trial.

Mr Honecker has been charged with responsibility for the fatal shooting of 13 East German refugees trying to escape to the west across the Berlin Wall.

The move is likely to end a case originally billed as the most sensational political trial since Nazi war criminals were tried at Nuremberg.

It will allow the former East German dictator to emigrate to Chile to join his wife and daughter, and it is unlikely the government will stop him going. He is expected to die of liver cancer within a matter of months.

The world tries to end horror of poison gas

More than 100 nations have agreed to sign, but the ban on chemical weapons could go further, writes David White

MORE THAN 90 years of efforts to eradicate poison gases as instruments of war culminate in a treaty being signed in Paris over the next three days.

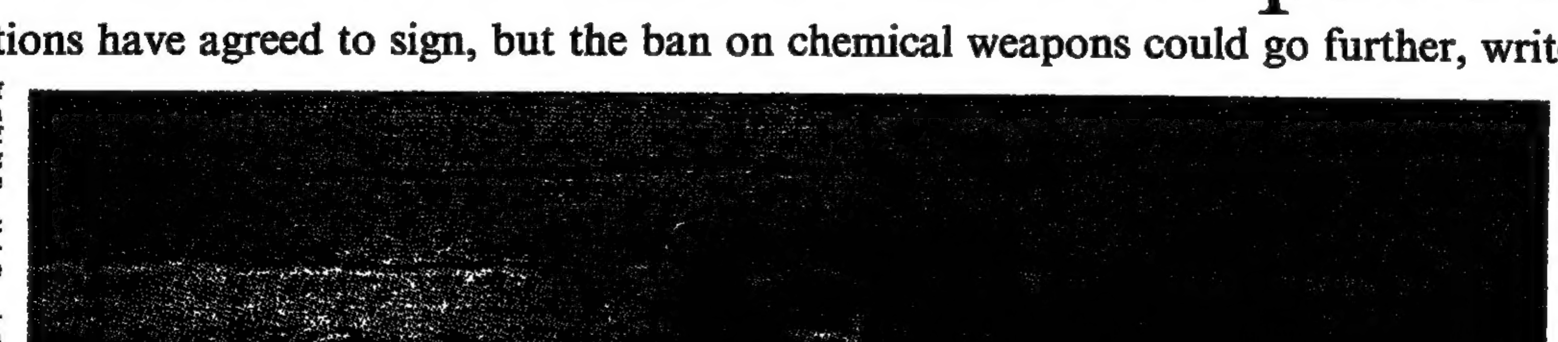
The first signatures will be put this afternoon to a convention outlawing the use, manufacture, storage and transfer of chemical arms.

Under the Chemical Weapons Convention stockpiles and production facilities will be destroyed, and procedures set up to verify compliance and monitor production of chemicals that could potentially be used for weapons.

By Friday it is expected that foreign ministers or their representatives from well over 100 countries will have signed.

But the high profile given to the occasion cannot disguise the treaty's compromise nature. Officials in the UK, which sought tougher policing of the ban, admitted it would not provide a final answer to proliferation of chemical weapons. "There are no final answers in this business," they added.

It will be at least 10 years before the world gets rid of stockpiles reckoned to include about 5m chemical munitions, and the convention will leave important gaps, at least initially. Most Arab governments are expected to boycott the Paris ceremony. Egypt, hosting an Arab League meeting on Monday, said there was a unanimous decision not to sign. It and other Arab nations have made their assent conditional on Israel's joining the Nuclear Non-proliferation Treaty; chemical weapons are seen as providing a counterweight to Israeli nuclear weapons.



Victims: Several of the hundreds of Kurds killed by nerve gas in Halabja, northern Iraq, in 1988 in the most recent known gas attack

The US and other western governments hope Arab countries will eventually join. But this may have to await the outcome of the Middle East peace process.

North Korea, another suspected possessor of chemical arms, is also expected to stay out of the treaty.

The watering-down of verification rules is seen as another weakness. In 1984, then US Vice-President George Bush proposed a draft treaty subject to inspection "any time, anywhere". But in the later stages of negotiation the US took a very different stance, worried that the treaty might be used to pry into other secret military installations. The final text allows a country up to five days to negotiate terms before opening a site to inspectors.

The treaty will not take effect until early 1995, assuming that at least 65 countries have ratified it by the middle of next year.

However, western officials believe it will create a significant impediment to would-be proliferators. It will reinforce the controls which industrialised countries in the so-called Australia Group have been exercising over chemical exports, and provides for the destruction of all declared production facilities – including, most importantly, Russia's.

The US and the then Soviet Union agreed in 1990 to stop making chemical weapons and scrap most of their holdings. The US is now discussing assistance to help Russia with the $10bn (£6.5bn) cost of destroying its 40,000-tonne stockpile.

A number of countries alleged to possess chemical weapons are expected to join the treaty. These include Iran, Israel, China, India and Pakistan.

The treaty caps 24 years of negotiation on a global ban, undertaken for the last 12 of those years in an ad hoc committee of the UN's 39-nation Conference on Disarmament in Geneva. The impetus for concluding this notoriously tedious process came from the ending of the cold war, the flagrant use of chemicals during the Iran-Iraq war and the threatened use by Iraq in the 1991 Gulf conflict. Although Iraq will not be a signatory, destruction and inspection of its extensive facilities is being undertaken separately under UN resolutions.

Early last year the talks appeared in danger of losing momentum if not completed quickly. Working from an Australian draft, negotiations were declared closed in August. A subsequent resolution supporting the treaty at the UN General Assembly was co-sponsored by 144 nations.

It has taken the international community 67 years to extend the ban on the use of chemical weapons – the Geneva Protocol – to outlawing the weapons themselves. The only precedent for an outright ban of this kind is the 1972 Biological Weapons Convention, but that failed to provide for verification.

Verification, including challenge inspections without right of refusal, brought up the greatest problems in the talks, and occupies much of the 192-page document. Mr Ronald Lehman, director of the US Arms Control and Disarmament Agency, argues that it is "*the* most intrusive inspection regime ever established in an arms control agreement". UK officials say that despite the compromises it should deter "all but the most determined evaders".

An Organisation for the Prohibition of Chemical Weapons is to be set up in The Hague to oversee compliance. Each signatory will also have to set up an authority to deal with chemical producers and incoming inspections. Dr Tamar Posner, an expert at the UK Chemical Industries Association, estimates that preparation and training for inspections could cost producers £90,000 per inspection.

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New Irish cabinet to tackle ...unt crisis

Iraqi foreign minister Said al-Sahhaf in Cairo yesterday

Iraqi provocations have so far failed to push the UN into retaliation

Bush finds Saddam as elusive as ever

By George Graham in Washington and Michael Littlejohns, UN Correspondent in New York

THE Bush administration has often found reading the mind of Mr Saddam Hussein to be a frustrating exercise; in its final days before handing over to President-elect Bill Clinton the task is proving no easier.

In a series of provocative actions – harassment of United Nations relief workers in the Kurdish protective zone of northern Iraq, violations of the southern no-fly zone, obstruction of UN weapons inspectors, incursions into the demilitarised zone along the newly demarcated Iraq-Kuwait border – Iraq has sought to test the resolve of the US and its coalition allies, as it prepares for a change of leadership.

The response to these separate but related incidents has been firm but uneven, and a gap may now be emerging between the US, backed by the UK, and the rest of the UN Security Council over whether Iraq has overstepped the line.

All reports from Washington suggest that President George Bush is fed up with Mr Saddam's provocations and ready to order a military riposte.

At the UN in New York, Iraq's continued defiance appears to have engendered more frustration than anger.

Wholesale Iraqi disruption of the aid operation in Kurdistan drew little more than mutterings while warnings to Iraq about incursions across the Kuwaiti border have not been backed up by any display of force.

But violations of the two no-fly zones have been met swiftly; an Iraqi MiG aircraft which ventured into the southern zone a fortnight ago was shot down immediately, and threatening Iraqi missile movements were met with a 48-hour ultimatum.

"The real distinction is that challenges in the no-fly zone threatened the lives of allied pilots," said Ms Laurie Mylroie, an analyst at the Washington Institute for Near East Policy.

US officials argue they have already established both the legal authority to deal with violations of the no-fly zones, which are operated under UN resolution 688, and the operational framework, because all military options have been worked out to confront a long list of Iraqi violations over the last 18 months.

"If the determination is made that enforcement of the UN resolution needs to be undertaken, it will be without warning," said Mr Marlin Fitzwater, White House spokesman.

The demarcation of the Iraq-Kuwait border is more recent, so less case history has been established. Operationally, the area also falls under the direct supervision of the UN's observer mission, rather than of the allied military command in the region.

> The Iraqi leader may force the US president into action in his last week in office

However, the US has sought to link the various incidents together, and on Monday night the adoption by the UN Security Council of a statement warning Iraq of "grave consequences" was delayed by a last-minute American move to add an introductory paragraph to the text agreed in day-long consultations.

This paragraph stressed that the Iraqis' seizure of weapons, including missiles, at their former naval base at Umm Qasr, which now lies partly in Kuwait was part of a pattern of defiance.

At US insistence, the council statement also cited a series of border incidents involving the UN Iraq-Kuwait Observation Mission (Unikom) which maintains a staff at Umm Qasr, and Iraq's banning of 70 UN weapons inspectors from entering the country in a non-Iraqi charter aircraft. Baghdad's proposal that the UN use Iraqi Airways or a land route from Jordan violates the Gulf ceasefire resolution.

Iraq clearly found the Security Council warning less than compelling since yesterday it defiantly compounded its offence by conducting another unauthorised expedition to the Umm Qasr base.

Some US officials see Iraqi defiance as an encouraging sign of Mr Saddam's need to bolster his domestic position because of the damaging effect of the UN embargo.

US intelligence suggests that food shortages have worsened considerably in recent months since Jordan began to enforce the embargo more assiduously, helped by Mr Saddam's own measures to ban certain imports.

Other Middle East analysts, however, say that at his weakest, Mr Saddam did not allow demonstrations in Baghdad, for fear that a notionally pro-government crowd might turn against him; he now appears confident enough to allow demonstrations.

But if the US may perhaps be misreading Mr Saddam's domestic strength, it is possible the Iraqi leader is misreading Mr Bush's position: he may tweak Mr Bush into action in his last week in power, or he may provoke Mr Clinton into a show of strength at the start of his presidency.

Mr Saddam may also be misreading the cohesion of the international coalition that faces him. Some of the Arab countries involved in the Gulf War are now less public in their opposition to Iraq, but although Turkey rumbles occasionally, it continues to support the Provide Comfort relief operation in Kurdistan.

And Russia has now joined the US, the UK and France tocreate a "Permanent Four" that excludes only China among the permanent members of the Security Council.

Arabs urge UN to impose sanctions against Israel

By Roger Matthews, Middle East Editor

ARAB NATIONS meeting in Cairo agreed yesterday to press the UN Security Council to impose sanctions against Israel for refusing to take back more than 400 Palestinians expelled to southern Lebanon, but stopped short of threatening to walk out of the Middle East peace process.

Foreign ministers of the Arab League urged the Security Council to apply the rules of Chapter 7, which provide for sanctions, because of Israel's refusal to implement UN Resolution 799. The resolution, passed on December 17, demands that Israel should return the Palestinians to their homes in the occupied West Bank and Gaza.

Israel has insisted that it will defy the resolution and is confident that the US will veto any attempt by the UN to impose sanctions. Mr Richard Boucher, the State Department spokesman, said the US wanted to avoid Chapter 7 being invoked on this issue and believed no further action should be taken until Mr Boutros Boutros Ghali, UN secretary general, had exhausted his efforts to find a solution.

Arab nations have been quick to contrast the US attitude towards Israel with its determination to see that Iraq complies with Security Council resolutions passed at the end of the Gulf war.

Mr Farouk al-Shara, the Syrian foreign minister, said: "Most of the Arab delegates spoke about double standards. Why should Israel be above the law when other nations are obliged to implement Security Council resolutions? There is a feeling of bitterness in the Arab world and we must express it."

The Arab League also warned that Israel's refusal to allow back the Palestinians posed a serious danger to the Middle East peace process which opened in Madrid in October 1991.

The ninth round of negotiations is scheduled to begin in Washington on February 20, but the Palestine Liberation Organisation warned on Monday that it would suspend the participation of its delegation if the issue of the 400 men was not satisfactorily resolved.

Egypt, Saudi Arabia and Syria argued that it would be premature to suspend the talks and believe that Mr Bill Clinton should not be presented with an Arab ultimatum before he has taken over the US presidency.

Little substantive progress was made in the first eight rounds of talks, but with the Israeli government suffering widespread condemnation for its treatment of the Palestinian deportees there is some hope among Arab officials that it will return to the table with more positive proposals.

Lebanon yesterday repeated its refusal to take the men.

Savimbi prepares for battle

MR Jonas Savimbi's Unita rebel movement was yesterday massing troops near four Angolan cities to counter-attack a government offensive, diplomats said, Reuter reports from Johannesburg.

A government communiqué said Mr Savimbi had fled his headquarters in Huambo for an unknown destination. Angolan state radio said Mr Savimbi was in Zaire. But the rebel leader told Portugal's TSF radio he was still in Huambo.

He offered to meet Angolan President Jose Eduardo dos Santos in Geneva for talks as suggested by UN secretary-general Boutros Boutros Ghali.

The government communiqué said Unita forces were grouping near the coastal cities of Lubito and Benguela and the provincial capitals of Lubango and Cuito in central and southern Angola.

A western diplomat said Unita's aim now was to launch counter-attacks against government troops after its forces were forced to withdraw from Huambo.

He said Unita was also massing around Huambo, despite Mr Savimbi's declaration it was still in Unita hands, and Luena, capital of the western province of Moxico.

There was considerable confusion over events in central and southern Angola, with each side contradicting the other in reports of fighting.

● Angolan rebels have destroyed five oil wells owned by Fina Oil, Angola's state-run radio said in a report monitored by the BBC.

Bank of China to issue notes in HK

By Simon Holberton in Hong Kong

CHINA'S growing role in business in Hong Kong was yesterday underlined when the colonial administration announced that Bank of China would become the colony's third note issuing bank from May next year.

The decision to allow Bank of China to issue paper currency was taken yesterday by Governor Chris Patten in a meeting with his Executive Council. Bank of China is Hong Kong's second largest banking group. It oversees the activities of 13 mainland banks operating in Hong Kong. It has been expected for some time that it would gain approval to issue notes.

Hongkong and Shanghai Bank and Standard Chartered are at present the two note issuers in Hong Kong. Hongkong Bank has the largest share of circulation with more than 80 per cent

Bank of China plans to issue initially HK$6bn of paper currency, equal to about 10 per cent of the current notes in circulation The Hong Kong government will have to approve its bank note design.

Enabling legislation and logistical and administrative measures, Bank of China needs to institute means May next year is the earliest it can issue notes.

● The Hong Kong government yesterday said it had decided not to introduce a "deposit protection scheme" for bank depositors. The government does plan to introduce legislation which gives priority to small depositors in the case of bank failure. In the wake of Bank of Credit and Commerce's collapse in 1991, the government came under pressure to legislate for deposit protection. A period of public consultation found little support for the idea.

Patten softens over constitutional plans

By Simon Holberton

GOVERNOR Chris Patten of Hong Kong yesterday urged local politicians to approve plans for the colony's political development that were acceptable to both Britain and China.

At a special question and answer session of the Legislative Council (LegCo) the governor said the administration would present its proposals for the conduct of elections due next year and in 1995 towards the end of next month.

But in a statement which was seen as inviting compromise, Mr Patten said he hoped LegCo would "agree to proposals which are acceptable to the community and which are acceptable to both the present and future sovereign powers".

The governor's remarks mark a further softening in his stance on Hong Kong's constitutional development.

Over the past month Mr Patten has stopped saying that any alternatives to his plans had to be better than his. He has emphasised that what he suggested last October were simply "proposals" and has actively encouraged LegCo members and others to come up with alternatives.

However, Mr Patten has stood fast in rejecting calls by China to withdraw his proposals unilaterally. China has said it will not talk to Mr Patten until his proposals are withdrawn and it has threatened to repudiate any legislation LegCo enacts if it is not first consulted by Britain.

Since New Year, Beijing too has moderated its stance on honouring contracts which span the change in sovereignty in 1997.

The governor's Executive Council will study his plans for the next month and it seems unlikely that they will reach LegCo before the end of February. LegCo is not expected to vote until the early summer.

Malaysian investment slowdown

By Kieran Cooke in Kuala Lumpur

MALAYSIA is facing a slowdown in investment as new opportunities open in China and elsewhere in the Asia region.

According to the government, proposed foreign and domestic capital investments in the manufacturing sector last year fell by nearly 30 per cent to M$22.4bn (£5.65bn).

Total foreign investment approvals in 1992 increased by 2 per cent, with the US, Australia and France making sizeable increases in capital outlay, but these investments related to a small number of petrochemical projects.

Other foreign investment showed a steep decline. Investments by Taiwan, at one stage Malaysia's biggest foreign investor, fell from M$3.6bn in 1991 to M$1.5bn in 1992. Meanwhile Taiwan's investments in China have been surging.

Vietnam is also believed to be attracting investment funds away from Malaysia and other countries in South-East Asia. Japan's investments in Malaysia declined last year by 30 per cent to M$2.6bn.

Mrs Rafidah Aziz, the minister of trade and industry, said Malaysia continued to attract sizeable foreign investments but she admitted that the government was concerned over the decline in domestic investment which, in terms of projects approved, had fallen by 33 per cent last year to M$9.6bn.

Suharto puts Miyazawa on the spot

By William Keeling in Jakarta

PRESIDENT Suharto of Indonesia yesterday placed Japan in an embarrassing position when he reiterated his desire to attend the meeting of the Group of Seven industrialised countries in Tokyo in July.

Relations between the two countries are close, with Indonesia being the largest recipient of Japanese aid, but the request would require consensus approval by the G7, which would be unlikely.

Mr Suharto is chairman of the Non-Aligned Movement (NAM), which groups more than 100, mostly developing, nations. He has called for a restructuring of debt for the poorest countries and greater access to the markets of developed nations.

After meeting Mr Kiichi Miyazawa, the Japanese prime minister in Jakarta as part of a four-nation tour of South-East Asia, a Japanese spokesman said Japan would consult its G7 partners. "It is not an easy thing to try to achieve consensus among the G7," he warned.

Diplomats say the Indonesian government regards the attendance, even if in the margins, of President Boris Yeltsin of Russia at a G7 summit last year as setting a precedent to allow non-member countries to participate. But a G7 diplomat yesterday noted "Russia was an immediate and very pressing issue, while ordinarily the G7 would not discuss north-south matters. It is not what the G7 does. It's not the way aid is administered."

Indonesia may, however, take the issue as a test of Mr Miyazawa's foreign policy initiative of promoting regional co-operation.

As chairman of NAM, Indonesia does have some leverage over Japan. Both countries agree on the need to restructure the United Nations and expand the Security Council.

Diplomats say that Japan is keen to become a permanent member of an expanded Security Council but would need the votes of non-aligned member countries to secure a seat.

BJP leader calls for Indian election

By Shiraz Sidhva in New Delhi

MR Lal Krishan Advani, the leader of the Hindu nationalist Bharatiya Janata party (BJP), yesterday demanded immediate elections in India, claiming that the government had lost the mandate of the people as violence in Bombay, the country's commercial capital, continued for the ninth day running.

Fourteen more people were killed yesterday, raising the death toll in the latest round of violence in the city to 200.

Life in Bombay continued to be paralysed, as troops marched through deserted suburban streets, unable to contain the looting and burning.

Mr Sharad Pawar, the defence minister who has been directing the security clampdown, said he expected the city to return to normal by today.

The radical BJP plans to intensify its campaign for early elections by despatching leaders throughout the country after announcing its programme on January 15.

Mr Advani said he was "not ashamed" of the demolition of the mosque in Ayodhya by Hindu fundamentalists – the incident that sparked the communal violence – saying it was a "dilapidated and abandoned" structure and not a mosque at all.

The Congress (I) yesterday ruled out the possibility of a change of leadership in Maharashtra and Gujarat, the states worst hit in the second phase of violence following the destruction of the mosque.

Mr V.N Gadgil, the party's spokesman, said there was no question of the government declaring a partial emergency.

Cricket tour to continue despite Bombay violence

By Peter Berlin in London

THE PRESIDENT of the Indian Cricket Board insisted yesterday that the tour by the England team would not be called off despite violence in Bombay and other parts of western India.

The first one-day international, due to have been played in Ahmedabad on Saturday, has been cancelled but Indian officials argue that it was just bad luck that the six-match series was scheduled to start there. They believe that the area will be quiet by February 19 when the last of the three Test matches is due to start in Bombay.

The growth of international broadcasting and the accompanying sponsorship and advertising revenues has made cricket tours of India lucrative. British Sky Broadcasting, the UK satellite television company, is to broadcast all the international matches.

One Indian cricket journalist estimated that revenue would pass $1m (£650,000) – from television rights, team and match sponsorship – before a ticket was sold.

Crash exposes hazards of Indian pilots' strike

Shiraz Sidhva on why Indian Airlines has finally come to the negotiating table

SATURDAY'S crash in Delhi of an Uzbek aircraft leased to Indian Airlines has forced the domestic carrier to come to the negotiating table with its 475 striking pilots.

It has also highlighted the effects on the inefficient, state-owned airline of the Indian government's open skies policy, under which new private carriers have been allowed.

The Russian-made Tupolev TU-154, leased from Uzbekistan Airlines because of the month-long pilots' strike, crashed in fog on Saturday after the Uzbek pilot apparently failed to understand instructions in English. The plane flipped over, split in pieces and caught fire and, but in spite of the late arrival of the emergency services at the scene, all 163 people on board survived without serious injury.

Mr Madhavrao Scindia, minister for civil aviation and tourism, resigned hours after the crash.

Management and pilots spent yesterday trying to break their impasse. The pilots want their salaries almost doubled to match those paid by private carriers, as well as a 200 per cent increase in meal allowances. Officials say the pilots are already well paid and could soon fly extra hours under a proposed "fly more, earn more" scheme.

The strike has benefited the private carriers which have sprung up since the government's decision 2½ years ago to deregulate national civil aviation, allowing private operators to choose routes, timings and fares.

Two stewardesses view the leased Uzbekistan Airlines plane which crashed on Saturday after the pilot apparently failed to understand instructions in English. All 163 people on board survived

India's domestic passengers, accustomed for 40 years to Indian Airlines' legendary delays, inefficiency and indifferent service, now have the choice of six other domestic airlines.

The biggest of these, East-West Airlines, has wooed passengers easily by adhering to schedules and offering good food and courteous service. Extras such as a free drink – Indian Airlines is not permitted to serve alcohol on domestic flights – have made it a big hit on Indian Airlines' traditional high-profit trunk routes such as Bombay-Madras and Delhi-Bombay.

Although it has only three aircraft compared with Indian Airlines' 50, the Bombay-based airline's success has encouraged at least three more operators to apply for licences.

With load factors of between 85 and 100 per cent, the fledgling carriers are already making money, and the strike has only made them more popular. Continental Airlines, which started operations in October 1991, says its profits exceeded Rs20m up to June, and East-West, which commenced in March, says it hopes to reach Rs20m profits this year.

Indian Airlines, by contrast, has suffered losses for the three years and says that it is operating at a considerable disadvantage. "We suddenly find ourselves operating in a competitive market with our hands tied behind our backs," complains a senior airline official.

According to one official, Indian Airlines has operated "more like a haphazard patchwork of government departments rather than a commercial organisation." It has had social obligations to fly to remote parts of the vast country, and had rested comfortably on a non-profit making image.

The airline is weighed down by governmental norms. "We cannot discontinue services on loss-making sectors any more than we can choose the best candidate for air-hostesses' jobs, like the private airlines," says an Indian Airlines official. "Nearly 15 per cent of all our routes are unprofitable."

Calculations have shown that on some sectors, flying Indian Airlines is cheaper than taking a taxi. To keep the airline profitable, Indian Airlines is forced to increase its capacity utilisation or seat factor as high as 90 per cent on its profitable trunk routes, much higher than the global average of 68 per cent.

This results in a "high distress" factor on infrastructure, causing frequent breakdowns, delays and strained employee relations.

Mr Scindia, while still a minister, admitted that Indian Airlines was at a disadvantage compared to private airlines. The smaller companies have lower overheads, hire crew on contract and are not obliged to operate on unremunerative routes. Indian Airlines, which employs more than 22,000 people, has lost about 50 of its pilots to private operators.

The Indian Commercial Pilot's Association (ICPA), the pilots' union, has regularly held the Indian Airlines' management to ransom during the peak tourist season and has disrupted the airline's operations 34 times in the last three years.

Management has usually given in to pressure from the pilots in order to keep the airline going. However, this time a hard-headed chairman, Mr Lakshminarayan Vasudev, backed by Mr Scindia's ministry, decided to hold out and to operate a skeleton service using foreign pilots and non-union members. He negotiated the lease of three TU-154s before the strike began and leased an additional three aircraft before Saturday's crash. All the TU-154s are now grounded.

The union said the Russian aircraft used twice as much fuel as the Airbus A-320s they were replacing, and carried fewer passengers. Mr RN Jalan, ICPA general secretary, said the pilots' stand had been vindicated by the crash.

The pilots realise that they have little option but to work for India's largest domestic carrier. For the moment, as stranded passengers crowd airports and are forced to cancel thousands of trips daily because of a lack of seats, the pilots seem to have the upper hand.

NEWS: THE AMERICAS

Bentsen aims to revive G7 policy forum

By Michael Prowse in Washington

Lloyd Bentsen: fulsome tributes from senators

THE US will try to revive policy co-ordination between the Group of Seven leading industrial countries, Mr Lloyd Bentsen, President-elect Bill Clinton's choice for Treasury secretary, indicated in a Senate confirmation hearing yesterday.

The G7 had "fallen into disrepair," he said. Members needed to hold more frequent, informal meetings and put together "a growth policy that would expand the economies of all seven countries". He said he favoured private negotiation rather than public bullying.

He would like to see G7 summits get back to their original economic purpose rather than serve as public relations exercises for world leaders.

Mr Bentsen received fulsome tributes from Democratic and Republican members of the Senate finance committee, which he has chaired for the past six years. In a sign of respect the committee voted unanimously to recommend his nomination before asking any questions.

Mr Bentsen, 71, said the overriding goal was "to put our economy on course so every American has the prospect of a life-enriching job and a personal chance at the American dream". He would strive for 3 per cent, or better, growth of gross domestic product.

He signalled that a balance would be struck between new investment and fiscal restraint. There had to be a "very major emphasis on deficit reduction" but it was also vital to spur more long-term investment, mainly in the private sector.

An investment tax credit was being seriously considered. However, he favoured an incremental credit that would provide relief only for investment above a certain level. This would be difficult to design but offered "more bang for the buck".

Mr Bentsen parried all specific questions on taxes, spending and economic policy with the stock response that Mr Clinton had not yet made final policy decisions.

In an interview with public television broadcast on Monday evening, Mr Clinton said his campaign pledge of halving the budget deficit over four years could be met only by making deeper cuts in public spending than planned last summer.

"We're going to have to cut more in other places... than we would have thought... because the deficit's gotten bigger." He stopped short, however, of reaffirming the commitment to halve the deficit.

AP adds: The Democratic-controlled Senate is aiming to complete hearings on all of Mr Clinton's cabinet nominations in time for them to be voted on by the Senate shortly after he is inaugurated next Wednesday.

American South puts emphasis on new skills

Barbara Harrison looks at moves to switch from manufacturing to service industries

IF INVESTING in people is a central tenet of the incoming Clinton administration, it will come as no surprise to the American South.

As an Arkansan, the roots of President-elect Bill Clinton's economic perspective are embedded in the South's experience: a region that, sooner than the rest of the nation, has bumped up against the barrier to economic growth that poor skills and low productivity represent.

For many years, cheap labour and low production costs drew American companies southward from the north-east and Midwest. But, as global competition has toughened, these lures no longer catch enough fish. The developing countries have dramatically outbid the US South on labour and enticed away unskilled manufacturing jobs. "We cannot compete with low-cost labour in other parts of the world," says Mr Moncure Crowder, chief economist at the Atlanta-based Wachovia Bank.

The prime example of this shift is in the textile and apparel industry, which, even with modern equipment, is still labour intensive. While textile and apparel companies continue to lead in manufacturing employment in the south-east, the industry lost 271,000 jobs between 1970 and 1989, according to figures from the Federal Reserve Bank of Atlanta. Many of these jobs went abroad, and the prospect that the North American Free Trade Agreement (Nafta) could bring further erosion of such jobs has many southerners worried.

The threat is worse given that the region's manufacturing jobs account for nearly 25 per cent of employment compared to 17 per cent nationally, according to Mr Donald Ratajczak, director of economic forecasting at Georgia State University.

The region's job base could further be hit by defence spending cuts. The axe could fall on both the South's many military bases – which during the second world war gave the region its first big economic impetus – and local defence industries.

The region's politicians are trying to shift from a manufacturing-based low-skill economy dependent to a services-based economy more reliant on knowledge. At the recent annual meeting of the Southern Growth Policies Board, a regional think-tank, West Virginia Governor Gaston Caperton said: "If you keep doing things the way you're doing them, you'll keep getting what you've got."

Although the South has prospered during the Sunbelt boom of the last 20 years, it is still behind in incomes and living standards. In the crescent of 12 states from West Virginia to Florida and across to Arkansas, the Bureau of Labor Statistics (BLS) reports that average per capita income is only 89 per cent of the national average.

Southerners maintain that there is no mystery why this is so: although economic and social conditions in the 12 states vary considerably, the region has higher levels of children in poverty, adult illiteracy and inadequate public education. In many states, between a third and a half of first-year university students need remedial education. "In education, we're still scraping along the bottom," says Mr Jeffrey Rosensweig, an economist who studies the region at Emory University's business school in the Atlanta area.

On the other hand, the tide of skilled workers from other parts of the US attracted by the Sunbelt boom has helped fill the labour demands of new and expanding businesses. For example, in Atlanta, the region's business and financial capital, an estimated 60 per cent of its 3m people are not native to the city. And, despite the region's being hit by the 1991 recession, it's appeal – warm climate, relatively low cost of living, high personal income growth – persists, particularly along the dynamic Atlantic seaboard.

Foreign investors have felt the pull of the South's low wages and relative absence of unions. UK, Japanese and German companies have favoured the region since the 1970s, when the pervasive racism that marred the area abated. One out of four Americans who worked for foreign-owned companies at the end of 1990 was in the South, according to the BLS.

Some analysts believe that foreign trade could be the next big impetus for the region's economy. Mr Wayne Gantt, an Atlanta economic consultant, believes that, while the Nafta accord could accelerate the demise of the South's low-cost manufacturing, it will bring many opportunities for businesses in services, telecommunications, trade and exports.

However, others caution that, if the South does not raise the skill level of its workforce, these opportunities may go with the wind.

Guatemala deadlock on refugees

THE Guatemalan government has refused to guarantee the safety of some 4,000 refugees (among them this man and his children, pictured right) who are intending to return home this week, thus threatening to postpone their repatriation and further isolate the government from the international community, writes Damian Fraser.

The peaceful return of 45,000 refugees is seen as a crucial test of government willingness to end the 32-year-old civil war. The refugees fled, mostly to Mexico, early in the 1980s to escape army-backed atrocities.

The government agreed last October to guarantee the safety of the refugees, and find ways for them to obtain land. But it wants them to return via side roads near the Peten jungle; the refugees wish to take the Pan-American highway. Until the dispute is cleared up the government will not guarantee their safety. Thousands have already left their camps in Mexico, and are making their way towards the border town of Mesilla.

Last year's dealing made Soros group \$2bn-\$3bn

By Peter Marsh and David Marsh

THE New York-based financial group headed by Hungarian financier Mr George Soros turned in a profit of between \$2bn and \$3bn (£1.3bn and £1.9bn) last year, one of his top aides said in London yesterday.

Mr Stan Druckenmiller, a managing director of Soros Fund Management, said that "substantially less than half" the profits came from speculation on sterling.

The rest came from dealing in other currencies and financial instruments.

Mr Druckenmiller denied reports that the fund management group – in which Mr Soros has a one-third stake – had contributed to recent tensions involving the French franc by selling the currency. Last week the franc brushed its floor against the D-Mark within the European exchange rate mechanism, although this week it has strengthened.

During last summer's exchange market crisis the fund management group made a profit of about \$1bn from selling sterling before Britain's ERM exit.

Mr Druckenmiller said it was wrong to think his organisation had specifically targeted the pound for selling. "Sterling was one piece in the matrix [of our overall operations]," he said.

While in London, Mr Druckenmiller met UK Treasury and Bank of England officials for talks about currency operations, which one UK official described as "helpful".

Soros Fund Management currently owns a portfolio of more than \$7bn. The total is due to fall over the next few months after profits on last year's operations are paid to shareholders.

Mr Druckenmiller said the franc was "not fundamentally overvalued" in the ERM and that Soros Fund Management "had no plans" to sell the currency.

"If the ERM did not exist and the franc no longer had a peg to the D-Mark then in our view the franc would not depreciate," Mr Druckenmiller said.

Ecuador woos foreign investment

ECUADOR'S President Sixto Durán Ballen has signed a law lifting almost all restrictions on foreign investment, and allowing repatriation of profits, Reuter reports from Quito. It will go into effect once it is published in the government's Official Register, replacing the law in effect since June 1991.

The law will activate plans previously announced by the government, as part of its economic reform programme.

● A panel of Ecuador's creditor banks in New York is discussing restructuring the country's commercial bank debt.

NEWS: WORLD TRADE

US tariff calls upset Japanese car makers

By Emiko Terazono in Tokyo

JAPAN's car makers are uneasy over calls by the US motor industry to impose tariffs on two additional categories of imported vehicles.

The move by the US manufacturers has heightened fears of renewed friction between the Japanese and US car industries. The Japanese are increasingly concerned by US car executives lobbying before the presidential inauguration of Mr Bill Clinton, who is expected by many Japanese executives to take a tougher stance on bilateral trade.

The big three US car makers – General Motors, Ford and Chrysler – are campaigning to extend a 25 per cent tariff, currently imposed on truck imports, to multi-purpose vehicles (MPVs), such as the Toyota Previa, and to four-door leisure/utility vehicles.

The US car industry, in the past, has repeatedly complained about the low level of imports of car parts and cars into Japan. And while Japan has removed all import tariffs on motor vehicles, and most Japanese car companies announced distribution tie-ups and joint ventures, frustration over non-tariff barriers such as closed distribution networks has mounted within the US industry.

A sharp increase in market share by Japanese imports of the US MPV market has been the cause of recent friction.

Fuel system deal for Wales

POWER MAKERS, a tiny North Wales-based company set up last summer, has won a contract worth at least £147m over the next three years to supply its patented fuel catalyst systems to Pakistan, writes Andrew Baxter.

The contract, with a big Pakistan importing company, is the first export deal for Power Makers. It started selling its all-British fuel catalyst systems in July after a 2½-year research and development programme.

Time-out called in Uruguay Round negotiations

By Frances Williams in Geneva

TARIFF negotiators from the US and the European Community yesterday broke off talks in Geneva to seek further instructions from their respective capitals. "We have struck a blockage and if our political masters want us to carry on they need to tell us how to do it," said an EC official.

The two sides have been trying to strike an outline deal on reducing barriers to trade in goods by next Friday, when senior negotiators in the Uruguay Round of talks on global trade liberalisation meet to review prospects.

Washington and Brussels agreed to make a final push for a tariff agreement and the broad framework of a Round settlement before President-elect Bill Clinton takes office on January 20. But they have run into problems over the trade-off between US demands for more sectors to be included in a "zero-for-zero" package, which would eliminate all duties on a reciprocal basis, and EC demands for cuts in high US tariffs on textiles and other sensitive products.

Each side argues that the other has not conceded enough. EC officials say the US has offered only a 10-15 per cent cut in peak textiles tariffs, which now range up to 36 per cent, reducing the US average from 16.8 per cent to 15.7 per cent. US negotiators say they are prepared to do more if the EC will go further in reducing or eliminating tariffs in such sectors as electronic goods and non-ferrous metals.

EC officials said yesterday they expected fresh instructions last night and talks would continue today "We're still in business but we need some guidance," said one.

Gatt sources said yesterday that a final Uruguay Round deal by Mr Clinton's inauguration was never on the cards, but that Mr Arthur Dunkel, Gatt director-general, still hoped for "something worthwhile" as a stepping stone to an early overall settlement.

Gatt deal waits on the big guys

EC and US squabble over barrier reduction while the majority watch for movement, writes Frances Williams

GATT

YET again the Uruguay Round of trade liberalisation talks is being held hostage to the resolution of a squabble between the two big trading powers – the US and the European Community. Negotiators from the other 95 countries involved in the 108-nation Round can only watch, wait and prod the protagonists into reaching an accord, this time on reducing barriers to trade in industrial goods, which will provide the vital framework needed to complete the complex market access negotiations country by country.

The US and EC have said they want an outline agreement by Friday, in the hope of presenting President-elect Bill Clinton with a largely "pre-cooked" Uruguay Round package by January 20, inauguration day.

The waiting is all the more frustrating when countries know that, if enough progress towards a transatlantic deal is made within the next few days, their own vital interests are likely to be traded in a frenetic bargaining flurry to beat the US administration's "fast-track" deadline of March 2.

In order to meet that deadline, the entire Uruguay Round package – give or take some of the less crucial bilateral negotiations over improving market access for goods and services – would have to be completed early in February.

This is to allow time for the administration's private sector advisory groups to submit their assessments to Congress alongside the text of the Uruguay Round agreement itself. Under fast-track procedures Congress must approve or reject the agreement without amendment.

It is fair to say that even countries facing immensely difficult political decisions of their own in the final bargaining sessions are hoping for an early conclusion to the Round. Even if President Clinton asks for, and gets, renewed fast-track authority, a further delay could spell death for the Round as pressure grows for new items to be added and more changes made to already-negotiated deals.

This is true above all for Japan and South Korea, which are huge beneficiaries of the open trading system. Both resist any opening of their closed markets for rice and some other farm commodities, as required by the draft Uruguay Round "final act" compiled in December 1991.

But, politically painful as market-opening for rice will undoubtedly be, the economic pain inflicted by a failure of the Round and the resulting increase in trade protectionism would be infinitely greater.

The same argument applies to Canada, Switzerland and some other countries which, like Japan and South Korea, oppose the conversion of all farm import barriers into tariffs – "tariffication without exception". These objections, trade officials assert, will melt away once the negotiating spotlight is turned on them.

Cries of alarm are coming from the US textile industry, which could get its tariff protection from the EC reduced by as much as 50 per cent if the current Gatt talks are successfully completed, Nancy Dunne writes from Washington.

Asian producers would benefit far more than the Europeans, one textile representative said. The EC would get tariff breaks on \$2.2bn (£1.44bn) worth of imports, while suppliers from the Far East would get reductions on \$3.8bn.

Senator Max Baucus, chairman of the international trade subcommittee, issued a statement warning US trading partners that "the Bush administration may be negotiating with an eye toward putting a final feather in its cap rather than working to conclude a sound agreement that will pass Congress".

Since Washington and Brussels settled their farm trade row last November, Mr Arthur Dunkel, the director-general of the General Agreement on Tariffs and Trade, has been strenuous in his efforts to persuade countries to propose as few changes as possible to the draft "final act".

He now believes most other nations will not press for amendments of their own if, in the interests of a quick result, the US can be persuaded to withdraw most of the 25 or so changes it has demanded. These relate to issues ranging from anti-dumping to establishment of a new world trade organisation.

Even if an unravelling of the Uruguay Round text is avoided, however, tough bargaining lies ahead in bilateral talks on liberalising trade in goods and services.

Under Gatt's most-favoured-nation rule, tariff cuts and services liberalisation agreed between the US and EC must be generalised to all Gatt members. But for most countries the US-EC bargain will not cover all the products and services which interest them.

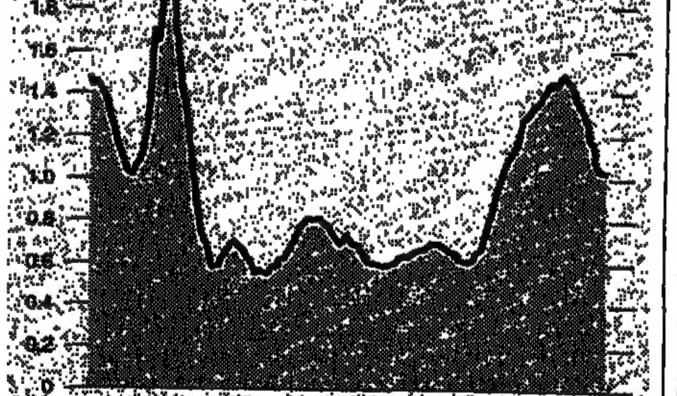
Each of these has to be bargained separately, country by country, to produce the national schedules which will form an integral part of the final Uruguay Round package. Among the main problem areas:

● The US, EC and other trading partners want Japan to make bigger tariff concessions, for instance on processed food products, wood, non-ferrous metals and leather. Japan, for its part, wants the EC to cut duties on electronics goods and the US to cut high tariffs on textiles.

● Japan and other Asian countries are under pressure to do more to open up their markets for services, especially financial services such as banking, insurance and securities business. Japan wants the US to liberalise its maritime sector but supports Washington in urging the lifting of EC quotas on foreign audio-visual services.

● Developing countries want big improvements in access to the markets of industrialised nations for their exports of agricultural goods, raw materials and textiles. Rich countries, on the other hand, are pushing poor ones to liberalise their trading regimes faster and to rely less on special treatment.

It remains an uncomfortable truth, however, that what "the big guys" do matters most. Their bilateral tariff deal is not sewn up and the draft "final act" has not been agreed. The hard bargaining over services is still to come.



Tariffs creeping back in Poland

By Anthony Robinson

THE way Poland's foreign trade policies are formed and implemented has become much more transparent since the return of democratic government in 1989. But former lobbying and decision-making patterns have "survived to the detriment of efficiency" in state-owned enterprises and banks, according to a report by the Gatt secretariat.

Economic and political reforms have been accompanied by substantial trade liberalisation and a reorientation of foreign trade from the former Soviet trade bloc, Comecon, to western markets, especially in the EC. Since August 1991, however, the Polish authorities, faced with the unexpectedly high social costs of transition to a market economy and doubts about the sustainability of reforms, re-introduced protection by eliminating most tariff suspensions, introducing new duties and widening import licensing.

The government is also considering an import levy system to protect agriculture, the report says. "The question must be asked whether the move towards more protection should be interpreted as long-term or as a temporary shift to give breathing space for some sectors."

The report describes the EC association agreement, signed last March, as a "turning point" which could provide a stable point of orientation in Poland's "long and difficult transformation process". But the impact of the 10-year accord is a matter of concern.

It says liberalisation is slowest or most limited in sectors such as textiles and clothing, steel and agriculture where Poland seems to have a comparative advantage. It also notes that, conversely, the agreement means "EC exporters can easily take advantage of reductions in much higher Polish tariffs".

Guyana suspends state sell-off

By Canute James in Kingston

THE government of Guyana has suspended the privatisation of state-owned enterprises saying the programme was not "credible". It will say in March whether it will continue to sell state property.

Mr Asgar Ally, finance minister, said the government "will have to review what happened with earlier agreements, what went wrong and how things should not be done".

The government's review will delay the privatisation of 10 companies which the previous government had said it wanted to divest. These include the national airline, and the sugar and bauxite industries, two main pillars of the economy.

While in opposition, Mr Cheddi Jagan, the new president, had frequently criticised the privatisation programme, attacking the manner in which the government was concluding deals with foreign investors.

UK in arms supply talks with Kuwait

BRITAIN is negotiating with Kuwait to supply it with a range of light armoured vehicles, Mr Malcolm Rifkind, defence secretary, said yesterday, Reuter reports from London.

Mr Rifkind said that the Ministry of Defence was handling talks with the Kuwaiti authorities about Warrior and Piranha armoured fighting vehicles made by GKN, the British engineering company.

The negotiations follow disappointment in Britain that Kuwait had chosen American-designed M1A tanks rather than the British Challenger II in the wake of the Gulf war with Iraq.

Mr Rifkind said that Britain's share of the world market for vehicles in the Warrior and Piranha class had risen to 20 per cent from 17 per cent in the past year.

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Major rules out press clampdown after leaks

By Philip Stephens and Raymond Snoddy

PROPOSALS for statutory regulation of the press were rejected by Mr John Major yesterday amid disclosures that at least one member of the Royal family had sanctioned leaks about their personal lives to tabloid newspapers.

Downing Street officials said the prime minister would not support the creation of a tribunal with legal authority to impose sanctions against newspapers judged to have breached strict new privacy rules.

His stance was revealed as ministers tacitly confirmed reports that the Princess of Wales had played a behind-the-scenes role in press coverage last year of the break-up of her marriage to Prince Charles. There was no confirmation of speculation that Prince Charles had done likewise.

The disclosures were judged at Westminster to have delivered another damaging blow to the standing of a monarchy which has been plagued by controversy for more than a year. They had also undercut much of the recent criticism of the press by those MPs seeking tougher controls.

Mr Major's opposition killed even before it was officially published the central recommendation of the report on the press drawn up by Sir David Calcutt, QC.

According to leaks of the report – confirmed as accurate by officials – Sir David calls for the replacement of the present Press Complaints Commission by a statutory tribunal with the powers to impose large fines on newspapers.

The report was handed to ministers last week and will be considered by the full cabinet tomorrow but one senior minister commented bluntly last night: "There is not a hope in hell of a statutory body".

Lord McGregor of Durris, the chairman of the Press Complaints Commission and a fierce opponent of statutory regulation, said last night that it was "game, set and match" to opponents of the Calcutt report.

Mr Major and other senior colleagues still backed the idea of new legislation to outlaw electronic eavesdropping and other "intrusive" practices which involved trespass on private property.

But the reports that close friends of Princess Diana fed information on her behalf to the tabloids to ensure her case was put in stories about the marriage break-up caused acute embarrassment in Downing Street.

It also raised new question marks among MPs about Mr Major's insistence last month that the subsequent separation of the Royal couple would not prevent Princess Diana at some stage being crowned Queen. The disclosure was made in a letter sent by Lord McGregor to Sir David as part of his inquiry.

Heseltine to explore EC coal options

By David Lascelles, Resources Editor and Andrew Hill in Brussels

MR MICHAEL Heseltine, the trade and industry secretary, will travel to Brussels tomorrow to explore options with European Community officials for rescuing British Coal.

High on his agenda will be ways of subsidising British Coal to enable it to compete with coal imports and other types of fuel. Mr Heseltine will be seeing Mr Karel van Miert, the new competition commissioner, whose responsibilities include state aid to industry.

EC policy limits the amount of aid that can be given to the energy industry to 20 per cent, an amount which the UK already uses to support Nuclear Electric. But it is not clear whether this limit, which is based on informal agreements, still holds following the appointment of a new Commission on January 1.

Mr Heseltine has already decided against one proposed remedy to take the pressure off British Coal: banning imports of French electricity.

This proposal is thought to be too complicated, given the launch this year of the single EC market, and the existence of long-term commercial contracts.

Mr John Major, the prime minister, met Mr Heseltine yesterday to discuss the coal energy review, but Downing Street described discussions as at a preliminary stage with further meetings likely.

British diplomats in Brussels, meanwhile, said yesterday that Mr Heseltine's visit was aimed at establishing first contacts with new commissioners in his field – principally Mr Abel Matutes, responsible for energy and transport, and Mr Karel Van Miert, who now handles competition.

They confirmed that one of the principal subjects under discussion will be how to soften the blow of pit closures in the UK through subsidies, perhaps paid for by a levy imposed on consumers' electricity bills.

The Commission's revised code for state aid to the EC coal industry, which has yet to be adopted by member-states, aims to tighten the screw on inefficient mines in Spain and Germany.

Under the code, which should come into force in 1994, Britain would be under no obligation to cut costs at its mines, which are already the most efficient in the EC. But Mr Heseltine will want to clarify how the British industry could be supported without breaking the Commission's internal guidelines on the subsidising of energy sources.

At the moment, member-states are allowed to subsidise up to 20 per cent of their primary energy sources, to protect natural supplies. This is a non-binding limit which has never been tested. Britain has chosen to subsidise its nuclear industry. If the government tried to support the coal industry as well – even through a consumer levy – it would break the 20 per cent limit.

● The leaders of the coal and rail unions dropped their demand yesterday for a "Stay Away" day of action for January 19 to protest against the planned pit closures.

After a joint meeting at TUC headquarters, they said it was "inappropriate" to go ahead with the day's protest now that the high court had removed the "immediate closure" for 10 of the 31 threatened pits.

The unions went on to call on the TUC to organise a day of action next month in protest at the planned pit closures.

Skiers took to the pavements in Aberdeen, Scotland, yesterday as severe weather brought much of northern Britain to a standstill

Snow brings Scotland to a standstill

SEVERE winter storms yesterday brought much of Scotland to a standstill as blizzards closed hundreds of roads and forced driver to abandon their cars in drifts.

The blizzards – the result of a record low pressure system crossing the north of the British Isles – left the northern half of Scotland virtually cut off. They also brought chaos south of the border, hitting Northern Ireland, the north of England and Wales.

Weathermen reported continuing heavy snowfalls across much of Scotland, Northern Ireland, North Wales and the north of England, with high winds causing drifts in many areas.

London Weather Centre said there was no sign of any immediate let-up, with high winds predicted for the rest of the week and more snow expected in the north.

Trouble in store at Thorp N-plant

Bronwen Maddox reports on the debate over the £2.8bn processor

BRITISH Nuclear Fuel's unpublished report to the government claims that up to £200m a year of overseas revenues would be lost in the next 10 years if its £2.8bn Thorp plant were abandoned, with total cost to the UK of more than £900m.

The quarter-of-a-mile-long plant at Sellafield in Cumbria, which has taken nearly 10 years to build and is ready to start operation, is designed to reprocess "spent" or used fuel from nuclear reactors in the UK and overseas into reusable plutonium and uranium, with a smaller amount of waste.

Since the plant received the go-ahead from the 1977 Windscale inquiry, the environmental, economic and political arguments for reprocessing have changed, leading to fierce debate about whether Thorp should start operation. Without Thorp, state-owned BNF has little long-term future. It has been anxious to argue in recent months that cancellation would also be a loss to the UK. Its claims are based on a complex model commissioned from consultants Touche Ross, which weighs up Thorp's costs against loss of revenue and extra expense if Thorp were abandoned.

According to the model – which BNF has refused to publish on grounds of customer confidentiality but which has been seen by the Financial Times – cancellation would cost the UK nearly £2bn in lost overseas income over the next 13 years. BNF has said customers have signed contracts worth £9bn, but according to the model those in the the first decade are worth only £6bn. Of that, foreign customers represent some £4bn, mainly Japanese and German, but also Switzerland, Italy, the Netherlands, Sweden, Spain, and Canada. They have paid about £2bn in advance, which BNF has spent building Thorp. The model makes no provision for repaying that money if Thorp were cancelled. It also assumes that if customers pulled out or reduced shipments they would have to compensate BNF.

A second point, should Thorp be cancelled, is the fate of the several thousand tonnes of fuel from overseas customers stored at Sellafield. Thorp's critics have argued that the countries may be unwilling to have it returned. The report assumes that the costs of storing it would be £15m a year for most of the next decade. The costs of transporting it back would be millions a year more.

The model shows that if the plant were cancelled, the UK would save in other ways – it estimates Thorp's operating costs will range from £120m to £170m a year in 1993 prices over the next decade, mainly the wages of 1,200 staff, energy for heating, and acid needed to fill pipes. The UK would save the costs of eventually decommissioning the plant, which becomes radioactive as soon as it starts operating.

Economists and environmentalists yesterday attacked many of the assumptions behind the Touche Ross estimates of a £900m loss to the country. Mr Willian Walker, of the Science Policy Research Unit at Sussex University said: "The decommissioning costs, and the costs of the ultimate storage of reprocessed waste are drawn from the air – no one knows with any precision."

Britannia to update fleet and cut jobs

By Daniel Green

BRITANNIA Airways, Britain's biggest charter airline, is to spend £250m on new aircraft and shed 560 jobs in an efficiency drive. The aircraft order includes a £40m engine contract with Rolls-Royce.

Most of the job losses will be in the engineering division, where 290 staff will go – 160 pilots will also lose their jobs.

Some compulsory redundancies will be inevitable, said Mr Roger Burnell, managing director of Britannia, a subsidiary of Thomson Holidays, Britain's biggest package tour operator.

The cuts come largely because the company's new fleet will consist of fewer, larger aircraft. "By summer 1994 we will have 29 aircraft compared with 38 in summer 1992," said Mr Burnell. "The new aircraft will need less maintenance, so we will need fewer pilots and engineers."

Pilots still with the company will spend more time flying as a result changes to contracts.

Britannia, based in Luton, Bedfordshire, is buying five new Boeing 757s from Boeing in a deal worth $275m. Another two will come from Los-Angeles based International Lease Finance Corporation.

Each 757 will carry up to 235 passengers in an all-economy seating configuration.

By the summer of 1994, Britannia's fleet will consist entirely of Boeing 757s and the larger, wide-bodied 767s. Both models are capable of flying across the Atlantic Ocean, unlike the shorter range 737s.

Mr Burnell said that the fleet modernisation would increase the capacity of the airline by around 5 per cent even though fewer aircraft would be operated.

He said that the holiday industry had been little affected by the economic recession. Britannia's sales in 1992 amounted to about £550m, 14 per cent higher than in 1991. Sales in 1993 would be about the same as in 1992.

Britannia also announced yesterday that its ground handling operation at Luton will be taken over by Servicesir.

MPs prepare for debate on Maastricht

By David Owen

BRITISH MPS were yesterday bracing themselves for an all-night debate on legislation to implement the Maastricht treaty, which returns to the House of Commons today.

As opponents and supportes of the treaty prepared for the debate, there was anticipation at Westminster that the government might opt to force a trial of strength with Euro-sceptics and the Opposition by allowing the debate to continue through the night.

Such tactics are sometimes used to reduce the prominence and support for controversial amendments to legislation.

Tory Euro-sceptics, however, are determined to force a reversal in government policy.

For the three-clause legislation to be defeated, Labour and Tory Euro-sceptics would have to join forces to carry an amendment that would result in the text of the treaty itself needing to be altered. Some 80 pages of amendments have been submitted.

North Sea projects and jobs 'at risk'

By Deborah Hargreaves

NORTH SEA oil and gas producers yesterday warned the government that offshore investment of between £1bn and £2bn was at risk if it tried to stop the development of new gas-fired power stations as part of its energy review.

"Government intervention in the free market for gas could risk the abandonment or delay of 25 North Sea projects...and imperil 55,000 jobs," said Mr John Parziale, president of the UK Offshore Operators Association and managing director of Marathon Oil's UK operations.

The jobs affected would be in the design, construction and servicing of North Sea projects as well as 5,000 permanent jobs on platforms producing gas.

The producers say that if the government halts the construction of gas-fired stations beyond the 12 plants which are already being built, this would cut out a potential market for 25 planned North Sea gas developments.

Mr Sam Laidlaw, managing director of Amerada Hess's UK arm said he was having difficulty selling gas from two of his fields because of the uncertainty surrounding the outcome of the review.

"Gas is noticeably more difficult to market than it was three months ago," Mr Laidlaw said.

Offshore operators say they are worried that any government intervention will damage confidence in the industry to such an extent that companies will take investment elsewhere.

Mr Ed Blair, president of Hamilton Oil and Gas said the company's £1.5bn project in the Liverpool Bay area is threatened because of uncertainty over the go-ahead for Connah's Quay power station which has contracted to buy the gas.

● The row between British Gas and its regulator, Ofgas, has cost around 5,000 jobs and a drop in turnover of £100m among the gas contracting and manufacturing industries.

Mr John Cull, president of the Society of British Gas Industries warned that the consumer will end up paying for a contraction in the companies that serve British Gas.

Mr Cull said that uncertainty over the outcome of a review by the Monopolies and Mergers Commission of British Gas had forced the company to cut investment. This in turn had closed some companies in the gas service business.

"With a reduced marketplace, there are inevitably going to be increased costs in the future, and these will eventually have to be passed on to the British Gas consumer," he said. Mr Cull pointed out that this is the reverse of the intent of government policy exercised through the regulator.

Criticism prompts government to seek better links with leading companies

Treasury officials to visit industry

By Peter Marsh, Economics Staff

THE 100 top officials at the Treasury have been told to spend at least one day a year visiting industry as part of a scheme by Sir Terry Burns, Treasury permanent secretary, to improve links with business.

The programme of company visits is starting up after widespread criticism of Britain's top government department for being too remote from industry and failing to understand the forces behind Britain's longest recession for 60 years.

The notion of Treasury "awaydays" was received enthusiastically by some of Britain's biggest companies, although a few businesses said the scheme did not go far enough. Mr Stanley Kalms, chairman of Dixons, the electrical retailer, said: "It's an excellent way to foster better relationships. Treasury officials will be welcome to come to Dixons for a day's work."

Mr Christopher Haskins, chairman of the food manufacturer Northern Foods, said: "Any effort by Treasury officials to leave the isolated cocoon in which they live is to be applauded."

Sir Terry launched his proposals without publicity just before Christmas. On top of the industry visits, the 100 top officials have been told to arrange at least three annual "contacts" – such as lunches – with industrial representatives.

The scheme – which will encourage outings to factories – is expected to lead to a substantial increase in Treasury meetings with industry. The Treasury said the scheme was intended to make officials "better informed" about manufacturing business.

Mr Howard Davies, director general of the Confederation of British Industry, said the initiative was "good news." It was also applauded by ICI and British Petroleum. Mr Neil Gracey, employee services manager at chemical company Associated Octel, welcomed the plan but said it was "too little, too late". Mr Paul Lester, chief executive of Graseby, the electronics group, said: "One day a year is not enough."

● The Treasury yesterday hosted the first meeting of its new panel of private-sector forecasters which will report next month on the medium-term economic outlook. The seven-member panel is to meet again on February 9 after a discussion yesterday mainly about the procedures to be adopted in assembling the report, which will be drafted by Treasury officials.

Treasury reforms: Page 11

Britain in brief

Companies show more confidence

Most businesses are confident that the UK economy will start to recover in the first half of this year, but business failures are set to remain at a high level, according to new surveys.

A sharp variation by region and industry is revealed in a survey by Lloyds Bank, covering almost 1,500 businesses. London and the south-east have the highest expectations, as does the north of England. The Midlands is relatively pessimistic.

Guinness case charges denied

Mr Thomas Ward, the US lawyer and former Guinness director, misled no one over the nature of the £5.2m "success fee" paid to him by the company after its takeover of Distillers, an Old Bailey jury was told yesterday.

In a highly unusual move, addressing the jury before any witness gave evidence, his counsel, Mr Anthony Trollope QC, said Mr Ward strongly denied the accusation he had stolen the money by pretending it was for a third party.

Mr Ernest Saunders, the former Guinness chief executive, had agreed to the success fee and Mr Olivier Roux, the company's former finance director, had known the nature of the payment before authorising it, Mr Trollope said.

Mr Ward denies the three charges against him of the theft of the £5.2m from Guinness and single counts of false accounting and executing a valuable security in connection with the alleged theft. The trial continues today.

More part-time managers

Part-time work is making inroads into managerial jobs and seven out of 10 private-sector companies have at least one part-time manager, according to a survey by the Chartered Institute of Management Accountants.

The Cima survey – of more than 100 companies – found that the trend is growing, especially among women managers with children in service-sector businesses in the south-east.

The survey concludes that employers have found that productivity gains and savings from the retention of trained staff makes employment of flexible managers a "good deal" for them.

Easier staff recruitment

Most of the 450-plus foreign companies that have moved into the Yorkshire and Humberside area in northern England appear to be finding it easier to recruit managerial, professional and skilled staff than their homegrown competitors, a survey says.

They have also carried on investing throughout the recession and many have created jobs. More than 90 per cent say productivity is "excellent" and has increased in recent years. Further investment is planned by 95 per cent of them during the next 18 months.

The survey of inward investors' workforces was carried out by Acas, the arbitration service.

Prices force up industry costs

Prices of raw materials and fuels rose again last month as the devaluation of sterling continued to put upward pressure on manufacturers' costs.

Input prices rose a seasonally-adjusted 0.1 per cent in December, a smaller month-on-month rise than expected. Compared with a year ago, prices rose 5.2 per cent, the highest rate of increase since 1979.

Before September – when sterling was devalued – raw material and fuel prices were falling. The sharp jump in input price inflation since autumn has not yet led to a corresponding increase in output prices.

Benefits still unclaimed

More than 15m pensioners and married women who do not work are being urged to claim back up to £860 each a year in taxes in a £2m advertising campaign launched by the Inland Revenue. Newspaper and TV advertisements will target the two-thirds people who are eligible to claim but have not done so.

MANAGEMENT

Adrian Furnham assesses the value of rigorous outdoor training courses in developing better executives

Short cut to the top

Does getting wet, cold and generally miserable in the countryside help you to become a better manager? Supporters of outward bound courses believe it does, but critics question the value of having highly-paid and specialised executives tramping around the woods honing boy scout-level skills.

Is outdoor training not just a way of keeping ageing physical exercise teachers, sadistic ex-corporals and overpaid consultants employed? And is it just an expensive fad in training, no better or worse than classroom teaching?

Cynics demand proof of success in the form of a cost-benefit formula. Finding none, or at least nothing that satisfies them, they reject the notion of outdoor training altogether.

Some sceptics argue that the more realistic the training in terms of what, where and how you learn skills, the more effective it is. And because outdoor training is hardly a simulation of business life, it cannot really work.

So what is the philosophy of outdoor training? Essentially there are three good arguments:

● Experimental versus theoretical learning. Since the 1960s, when encounter groups thrived, trainers have claimed that real learning occurs when people are put in difficult, novel and problematic situations and not when they study elaborate theories or abstract ideas.

In trainer jargon, "unfreezing" needs to take place before people really learn about themselves and others.

The philosophy of outdoor training is that people learn most about themselves, their teams, and their limitations, by "doing".

"No gain without the pain" is the catchword, and the pain is not the cold, damp and discomfort but dealing with performance issues in an unfamiliar setting.

● Emotions not ideas. Most training courses are about ideas, concepts, skills and models. They involve brain work and traditional classroom activities. But outdoor trainers claim that modern management is as much about self-confidence and courage.

Most training, they point out, aims at the head but not the heart, whereas outdoor training is unashamedly about emotional learning.

Anyone who has been on an outdoor training course will tell you immediately about the emotions they experience: from blind fear to anger and fury; from depression and self-doubt to tension-releasing humour.

An important aim of outdoor training is to teach people that when pushed to the limit of their ability, they can call on extra reserves of commitment.

This is no time to be hanging around when you are an executive in a hurry

The great Victorian virtues of self-reliance, fortitude, even stoicism, can be, and need to be, learned if you are to be a successful manager.

This does not take place with the cold learning experience of the classroom but in the stressful experience of physical discomfort or even danger.

● Team membership not leadership. There are plenty of leadership courses but not too many for those who have to follow. Despite mouthing platitudes about teams and team work, Anglo-Americans come from an individualistic, not a collective, culture. Team work does not come easily or naturally.

But learning to sail a yacht in choppy seas or to cross a gorge using a pulley, sling and ropes requires real co-operation. Teams engaged in difficult physical tasks need to be inter-dependent: you need your colleagues and they need you. You cannot survive on your own.

Managers also need to learn how to be effective members of a team but this is rarely learned in the classroom, making paper models or being video-taped.

Of course, not all outdoor training provides all the benefits. And certainly outdoor training is not always appropriate. Indeed, it can backfire in unusual ways.

Rather than gaining self-confidence, some people can experience nothing but self-doubt. They can return broken, not built-up. Others, discovering new-found strengths and abilities, pack up their briefcases and go to other organisations believing they can improve their career prospects.

The problem lies in measuring the effectiveness of training. How can one show conclusively that the time and money spent on outdoor courses is well spent?

This is a fiendishly difficult question because although one can easily think of many possible measures, nearly all have problems.

But more importantly, perhaps, any training is unlikely to succeed if the organisation is not prepared to allow employees to apply in everyday practice the lessons they have learned.

For example, if a risk-averse organisation sends managers who it has rewarded for their caution and prudence on a course designed to make them more adventuresome and then punishes them for the very behaviour they learn, it is no wonder the course is seen as a waste of time.

But outdoor training is neither a panacea nor a total waste of time. If, as a company, you know what you want and what a good course can offer, you may be able to provide for your employees an enriching, even invaluable experience.

A bad course with no planned outcomes may result in increased employee cynicism, let alone colds, scratches and occasionally very badly bruised egos.

It should not be dismissed as nonsense nor embraced as the only solution. Chosen judiciously, and run well, outdoor training can provide a unique learning experience.

The author is Head of University College London's Business Psychology Unit.

Women workers go for gold in assault on male bastion

Leslie Crawford looks at new recruits in Chile's mines

Maria Rodriguez likes mending trucks. Giant trucks, the size of three-storey buildings, which shift tonnes of rock from Chuquicamata, the world's biggest copper mine in Chile's Atacama desert.

Eva Ramos would love to drive one of these mechanised monsters. She thinks it would be little different from driving her fork-lift truck; it would only be a question of getting used to the size.

Eva is also responsible for the tools at Chuquicamata's maintenance workshops. She doesn't mind the girlie posters on the walls. Wolf-whistles, she says, have become part of the background noise.

Eva, Maria and a growing number of women miners, mechanics, engineers and geologists form part of the army of shock troops that are storming this most macho of male bastions – the mining industry. Born and bred in the desert, they are as tough as their husbands and fathers who know no other occupation than mining.

Some of the women miners at Chuquicamata are widows who took over their husbands' jobs after fatal accidents at the mine. And although women are outnumbered by more than 10-to-one at the 9,000-strong mining camp, they say sexual harassment is not a problem. It is a cause of instant dismissal at Chuquicamata.

Sexual barriers are crumbling as a foreign investment boom in Chilean copper and gold mines creates a shortage of skilled labour. It was only in October last year that women were first allowed to enter El Teniente, the biggest underground copper mine in the world, because of a centuries-old superstition that women brought back luck and pit accidents.

At La Escondida, a $900m (£592m) copper operation inaugurated by RTZ and BHP of Australia two years ago, women have moved from secretarial jobs to operating computer controls in the production plant. La Escondida also employs women crane drivers, engineers, technicians and metallurgical specialists. They work the same shifts as their male colleagues and share dormitories at the mining camp while their families remain in Antofagasta.

The company operates an equal opportunities policy and encourages women to acquire new skills through their training programmes. Although Chilean women are breaking new professional ground, they have not yet shattered the "glass ceiling" that keeps them subordinate to men.

The state copper company Codelco, which operates Chuquicamata and three other mines, has 25,000 employees but not a single female executive. Only a smattering of women occupy managerial posts.

Sexual barriers are crumbling

Even multinationals must bow to the machismo that pervades Chilean society. One Canadian mining executive says: "I have not been able to hire qualified women to senior positions because Chilean men would refuse to work under them."

As for Chilean executives, the idea of promoting women to top posts does not even occur to them. Partly as a result, the female "brain drain" from Chile has been considerable.

The first woman mining engineer graduated from the University of Chile 40 years ago but her successors have been forced to venture as far as Zaire and Canada to further their careers. The women at Chuquicamata are determined to change this state of affairs. They formed a Corporation of Women Copper Workers two years ago and with 500 members it is the biggest womens' organisation in Chile.

At the beginning, says Angelica Guinez, their president, the corporation was regarded with suspicion by management and unions alike. "They thought 500 women together spelled trouble."

While none of the women at Chuquicamata describe themselves as feminists, they nevertheless feel the need to fight for visibility, respect and equal opportunities. "It is a daily struggle to prove your worth," says Gladys Romero, a fork-lift truck driver at the maintenance workshops. "It took me about a year to convince my boss that I was up to the job. The men here don't like women invading their territory."

After mending Codelco's giant trucks for 13 years, Maria Rodriguez would like to be promoted to the foreman's job. She believes male prejudice is holding her back. "As a woman," she says, "you are watched like a hawk. I cannot afford to slip up. If I take time off to take a sick child to hospital, it will be held against me at work. But if a man doesn't turn up because he has a hangover, the only thing he gets is commiseration."

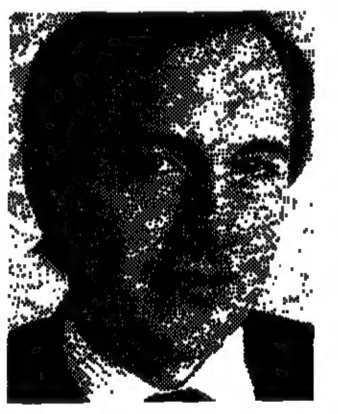
The Corporation of Women Copper Miners is particularly proud of the fact that their organisation has broken the rigid management-worker divide that governs labour relations at the desert mining camp. Their members include truck drivers and secretaries, nurses, mechanics, teachers and metallurgical engineers.

They have organised conferences on labour psychology, legal rights for women and assertiveness training courses. Last year they managed to elect the first female representative on to one of Codelco's unions. Management has also recently begun inviting them to discuss policy decisions.

But the real breakthrough, they say, will come when male colleagues cease to regard them as too "fragile" or "emotional" for certain jobs. Looking over Chuquicamata's huge crater during the noon blast, Elena Alcayaga says: "What's so dangerous about handling a few dynamite sticks? I'd love to do that."

PEOPLE

Johnson crosses the Square to Pictet



Nicholas Johnson, who quit as boss of Invesco MIM's non-North American interests on Christmas Eve, has resurfaced in short order as chief investment officer of the London end of Swiss private bankers, Geneva-based Pictet. Relocating only across Devonshire Square in the City of London, Johnson is, however, moving to an institution whose ethos is likely to be very different.

Johnson, formerly joint deputy chairman of Invesco, effectively lost out last July when Charles Brady took over from Lord Stevens as group chief executive – even if the clash in management styles between Johnson and Brady did not come to a head until a board meeting last month after which Johnson resigned.

Pictet, a distinguished Swiss private bank founded in 1805 and wholly owned by its partners, two of whom are Pictet family, manages around $30bn in assets worldwide. Former colleagues, who pointed out that Johnson's early field of particular expertise had been the Far East, surmised that Johnson would be happy to return to the world of pure investment – after the thorny management issues, including the Drayton Consolidated affair as well as the Maxwell debacle, with which he had to deal while at Invesco.

Still only 39, Johnson joined Samuel Montagu 16 years ago as a management trainee – after graduating from Magdalen College, Oxford, aged 19 with a history degree, as well as a subsequent degree in the history of art from the Courtauld Institute.

Upheaval at B Elliott

Boardroom upheaval continues at B Elliott as the streamlined engineering group tries to restructure its way out of the recession and reduce its exposure to the depressed machine tool trade.

The group has announced that Trevor Smith, group human resources director, resigned on January 8 "as a result of the recent restructuring".

Smith was not being replaced, because the smaller size of the group no longer warranted his position. His departure follows Jim Martin's resignation as director last week.

In September last year, Eddie Addison resigned from the board to enable him to concentrate on subsidiary Addison Tube Forming.

B Elliott is looking to sell its remaining machine tool operations, once its core business, to concentrate on specialist and electrical engineering. The group's market value has shrunk from £45m in mid-1991 to £11.1m after shares were relisted last month following the announcement of a refinancing package including a £16.3m debt-equity swap.

Following the resignation of Sir Norman Fowler as non-executive director last May, the company has appointed another three non-executives to the board with effect from the beginning of the year. They are Neil Falkner, 65, chairman and chief executive of Falkner Moller Partners, an investment management company that after the restructuring holds 46.7 per cent of the equity; Chris Wood, 51, an executive director of FMS who was in the past on the board of Renold; and William Eccles, director of Foreign & Colonial Ventures which now holds a 16.8 per cent stake in B Elliott.

Coopers & Lybrand

Eugene Freedman, chairman of Coopers & Lybrand in the US, has just been appointed chairman of the international Coopers & Lybrand network.

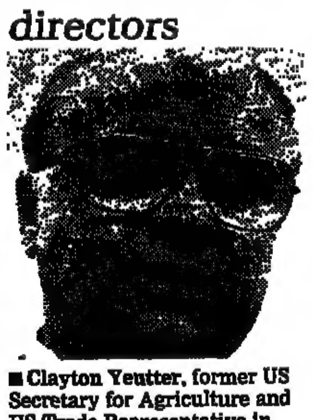
Coopers & Lybrand (International) is an association of autonomous national professional accountancy and consulting firms, with 738 offices in 121 countries.

Freedman replaces Brandon Gough, chairman of the UK firm who has completed his two-year term. He was selected by what he calls "informal consensus" among the executive committee of the network.

Freedman sees his role of chairman as "setting the agenda, leading the business and causing things to happen. We want a heavy market client focus in the aggressive pursuit of business," he says, focusing particularly on western and eastern Europe and the Far East. The firm will also concentrate on organising around "world clients".

He hastily adds that profits for the partnership are also important, but will follow from his priorities for Coopers: "Relevant, responsive, timely, efficient, value-added services. The provision of services is where the rubber hits the road," he says.

Non-executive directors



■ Clayton Yeutter, former US Secretary for Agriculture and US Trade Representative in the Reagan and Bush administrations, and most recently counsellor to the President for domestic policy and chairman of the Republican National Committee, has been appointed a non-executive director at BAT INDUSTRIES.

■ Colin Chadburn, a consulting engineer formerly with 3i, at BIMEC INDUSTRIES.

■ Steven Neal has retired from STAR COMPUTER GROUP.

■ Sir Neil Macfarlane, a former government minister, and already a non-exec at Securicor Security Service, at SECURICOR GROUP and SECURICOR SERVICES.

■ Brian North, chairman of British Thornton Holdings, as chairman at KINGSGRANT.

■ Paul Hyde Thomson has retired from MCKECHNIE.

■ Peter Crawford, chief executive of the automotive components division of BBA Group, at TGI.

■ Graham Waldron as chairman of CASKET in place of Neil Balfour who remains a director but is devoting more time to the European Bank for Reconstruction and Development.

Keeping R-R's show on the road

In the mid-1980s, to visit Rolls-Royce's car plant at Crewe, Cheshire, was to step back into a bygone, labour-intensive manufacturing age.

Today the Vickers subsidiary is almost unrecognisable, with the old labour demarcation lines gone and heavy investment made to integrate manufacturing and engineering.

At 39, Charles Matthews now has the job of keeping this entire modernised manufacturing show on the road through his newly-created post as director of manufacturing operations.

Matthews, formerly Rolls' director of personnel and systems, assumes responsibility for manufacturing, engineering, purchasing, personnel and quality.

A close familiarity with them all is seen as essential for an integrated manufacturing operation targeted at slashing the luxury car maker's break-even production to 1,400 cars a year.

Last year, as recession bit deeper in its major markets, Rolls' sales fell by a further 20 per cent to just 1,348 compared with around 3,000 in the 1980s.

Matthews' ride with Rolls has been an exciting one, his arrival coinciding closely with the collapse of luxury car markets worldwide and making an abrupt change from his three-year tenure at food group Nabisco, where he was factory general manager.

However, Matthews is well used to the ups and downs of the car industry. The Nabisco sojourn was his only one outside car making in a career which began with the then-British Leyland back in 1975.

BUSINESS AND THE ENVIRONMENT

When a shipping disaster strikes, the salvors step in. **Deborah Hargreaves** on how they limit the damage

Unsung heroes of the sea

First light over the Shetland Islands yesterday finally dashed the salvage experts' hopes of saving some of the oil from the stricken tanker Braer before it leaked into the sea. Early flights over the tanker showed it had broken into four sections after being pounded by mountainous waves on Sumburgh Head where it ran aground a week ago.

Most of its cargo of 85,000 tonnes of Norwegian crude oil has now been discharged into the sea. Geert Koffeman from the Dutch company Smit Tak, which is handling the salvage operation, said there could still be some oil on board, "but we are no longer talking of thousands of tonnes – just hundreds".

Until Monday, Smit Tak, the world's largest salvage company, remained sanguine about being able to pump out oil from the stricken tanker's cargo hold. But some of the worst weather ever experienced in the Shetland Islands hampered the operation so that salvors could not even board the ship.

"The first thing to do is to get on board so that you can at least assess the state of the tanker and the amount of oil left," said Net Lindquist at Smit Tak. But in hurricane-force winds which have battered the islands in the past week, attempting to board the tanker has proved hazardous.

Smit Tak has had two teams of six salvage experts in the Shetland Islands since late last week accompanied by two tugs. The company sent out a special salvage barge from Rotterdam on Friday which could be used for storing the oil if it is pumped off the broken tanker.

Salvage companies have strong financial incentives to rescue as much oil as they can, thereby keeping pollution to a minimum. Revisions to salvage contracts which took place in 1989 mean a company is now paid for limiting environmental damage even if it cannot save the ship.

The salvors are the unsung heroes of many a shipping disaster. Shipowners can have a tendency to regard them as vultures since they position their salvage tugs at strategic points around the globe so they can be on hand in case of a disaster. But if they move in swiftly, they can often combat major environmental damage by removing dangerous cargoes quickly.

The difficulties experienced by Smit Tak in the Shetland Islands highlight the dangers and frustrations of a salvage operation which is always performed in the worst conditions. In the same way that Red Adair and other US companies hasten to the scene of raging oil well fires, salvors are at the sharp end of the international shipping industry.

The salvage industry is one dominated by a few major international companies which has found itself under increasing financial pressure in recent years. It can cost up to £1m a year to keep a fully-equipped salvage tug on call to attend a disaster at hours' notice, but the rewards paid for a salvage operation are declining amid fierce competition.

Some countries such as France, Spain and Italy fund salvage tugs from government money, but these cannot prevent tanker disasters and are not even a guarantee against widespread environmental pollution.

Although all disasters are different, salvors will attempt at first to assess the state of a tanker's cargo tanks in the hope they can bring in pumping equipment to pump out the oil either on to land or to an accompanying barge.

Smit Tak was hoping to pump out the oil from the Braer, to an awaiting barge. But salvage operations must usually begin within hours or, at the very least, days of a disaster occurring, otherwise fuel tanks rupture and much of the oil escapes.

Lost at sea: hurricane-force winds hampered the operation so that salvors could not even board the ship

Once the cargo has been pumped from a stricken tanker, salvage crews will try to lift the ship up and tow it to port where it can either be repaired or scrapped. Smit Tak is now considering towing sections of the Braer out to sea and sinking them or saving parts of the vessel for their salvage value.

Under previous international conventions, Smit Tak would have risked receiving no pay at all if the ship went under. But new contracts prepared by Lloyd's, the insurance market, reward the companies for expenses incurred in trying to minimise environmental damage even if the ship sinks.

As salvors have assumed more responsibility for pollution, and tanker design has become more complex, the industry has complained that its resources to respond are limited. The International Salvage Union – a group of the major companies – recently commissioned a report into the industry which it said was "in a perilous state".

The report published in April last year by the consulting group, Tecnitas, pointed to a decline in the availability of salvage services worldwide. This is chiefly because the increasing safety of tankers has given few opportunities for salvage companies to make money.

However, the consultants pointed out that, although the number of serious shipping disasters had declined from 938 in 1981 to 712 in 1991, the number of incidents rose by 30 per cent in 1991. It raises the concern that the industry may become so run down that it will be unable to cope with a rise in demand for its services in future.

The tanker industry itself is also strapped for cash and does not have the funds to renew its ageing fleet. With salvors facing financial pressures and the UK so far unwilling to fund its own salvage tugs, another disaster of the scale of the Braer could prove even more problematic to clean up.

Stamping out Greece's pine fires

There are few trees so inflammable as the resinous Aleppo pine that provides a green backdrop for summer villas and tourist resorts along much of Greece's coastline. When fire breaks out, exploding pine cones shoot out in all directions.

Last year, a record number of fires devastated more than 50,000 hectares of forest, scrub and grazing land around Greece. The forestry service logged 2,100 fires – almost double the average for the three previous years – in a season marked by prolonged hot weather and fierce winds.

Despite increased spending on firefighting aircraft, communications systems and hiring several thousand temporary forest guards for the summer, governments have failed to establish an effective fire protection system. Indeed, as firefighting methods grow more sophisticated, it becomes harder to enlist public support for the forestry service. "People just sit in the cafe watching the fire and waiting for the aeroplanes to start dropping water," says Dimitris Katsoudas, the government's secretary general for forestry.

However, the disastrous fires in 1992, including blazes on Rhodes and Crete, Greece's two most popular tourist islands, prompted a switch in policy. The government says it will shortly seek bids from private companies to set up a nationwide fire protection service.

Greece's pine forests have grown more vulnerable to fire because of steady depopulation of the countryside, together with the encroachment of tourism. Access to forest areas became easier as the coastline was opened up for development. Villagers who return home for the summer to cater for tourists no longer make use of the forest.

"Woodland isn't considered a resource. The charcoal-burners and resin-tappers are gone. Dry branches and undergrowth aren't collected for fuel so when a fire starts there's a wealth of combustible material," says George Mavrommatis, head of the Forest Research Institute in Athens.

What Greece needs is better prevention techniques and improved co-ordination in firefighting, according to Conair, a Canadian company that has studied forest fires in Greece and operates fire protection services in other Mediterranean countries.

"Communications and training are crucial in firefighting. Aircraft should be used with discrimination – after all, you have no guarantee the fire is out without people on the ground," says Jim Dunkel, Conair's vice president.

Without better prevention, the coastal forests will go on shrinking. Regardless of the law on reforestation, only about 10 per cent of burned acreage is replanted in an average year, mainly because the forestry service is chronically short of funds. This year, the figure will rise to 20 per cent thanks to support from the European Community, which will cover 75 per cent of the Dr8bn (£24m) cost of replanting 10,000 hectares.

Although Aleppo pine is often used for replanting as it grows quickly, the Forest Research Institute has pioneered cultivation of less inflammable trees. It recommends planting spiny varieties of oak similar to those that covered Greek hillsides in ancient times.

Yet the chances of restoring forest cover are sharply reduced unless barriers are built to stop soil erosion and water loss. And even if the water-table remains high enough to support tree growth, young saplings are often eaten by roaming goats.

"The biggest enemy of forest regeneration is the huge goat population in Greece of about 6m. Goat herds are in short supply these days, but EC subsidies encourage farmers to keep goats, who let them run free much of the time," says Katsoudas.

Kerin Hope

Life after Rio

"DID WE really save the earth at Rio?" asks environmentalist Stanley Johnson in the introduction to The Earth Summit*, the first full compilation of the documents from last year's green jamboree in Brazil.

Too soon to say, is the short answer. Rio was certainly not a triumph because it fell short on all its major aims. On the other hand, it was not a disaster either because it attracted more than 100 heads of government and produced two international treaties.

Johnson, who attended the summit and edited this book, argues that it is wrong to blame Rio for failing to achieve the much hoped for "global bargain" on saving the environment for the simple reason that this bargain was never even on the table. The positions of the various interest groups – the industrial countries, the Third World, the US and the EC – were too far apart to permit agreement.

The rich countries could have helped Rio by offering larger financial inducements for poorer countries to co-operate on a global clean-up. On other other hand, nothing could induce the US to lower its opposition to a firm timetable to reduce greenhouse gases, or to the treaty on bio-diversity.

The positive result of Rio, Johnson believes, lies in defining terms of the global environment debate, and in initiating a negotiating process. That process will continue and should eventually produce more concrete results, particularly with the arrival of the greener US president.

Not that Rio's results were thin, judging, at least, by the contents of this book. Its 500 densely packed pages contain all the major documents from Rio, including the whole of Agenda 21 with its global clean-up plan, providing an essential reference for anyone with an environmental interest.

David Lascelles

**The Earth Summit. Introduction and Commentary by Stanley P Johnson. Graham & Trotman/Martinus Nijhof. 532pp. £78.*

Music

New Park Lane series

This is the week when the Park Lane Group, each January, presents a pair of Purcell Room concerts by "Young Artists" every week-night.

As usual the musical fare is all 20th-century, most of it recent, and two composers are specially featured, Nicholas Maw and the Scot Edward McGuire(the latter born, according to the programme-book, variously in 1948, 1958 and 1984).

On Monday Maw was represented by the second of his six inventive *Personae* for piano, delivered with gleaming clarity by Thomas Adès. Adès boasts a masterly control of touch and colour. In György Kurtág's three *In Memoriam* pieces and their prefatory "Chorale", he balanced the notes of chords with phenomenal subtlety, as well as flawless sympathy with Kurtág's individual manner.

His command of more flamboyant, rhetorical music by the early Messiaen (another elegiac piece, for Paul Dukas) and by Paul Ruders seemed effortless – though the grip of Ruders' Sonata No.2 slackens after its strong, promising first movement.

Adès is also a composer, and his new *Still Sorrowing* – a lament which is also a homage to Romantic sentiments – proved to make the most ingenious use of a "prepared" piano that I have heard in a long time. While a recurrent plaint tintinnabulates at the top the piano's range and deep chords resonate at the bottom, some muffling device allows intricate figures and rhythms at mid-keyboard to rattle hollowly; a haunting sound-scape and too strikingly musical to seem tricksy.

In the second recital, the Chione Oboe Trio were crisp and well-tuned in pieces by McGuire, James Macmillan and John Lunn – all efficiently designed for the medium, which has its limits but none so fetchingly as Joseph Landers' recent *Echo Dancers*.

More potent stuff was heard from a splendid cellist, Paul Watkins, keenly and forcefully partnered by the pianist Elizabeth Upchurch.

They did sweeping justice to Elliott Carter's 1948 Sonata, a work that cannot fail to thrill when performed with such intelligence and fervour. And Philip Cashian's new *Dancing with Venus* (a PLG commission) is a winner; inspired by an Angela Carter short story, the cello enacts a series of little dances or poses, sexy or ironic or mocking, and they add up to something considerably more than a string of vignettes.

Cellists with the advanced technique that Cashian requires should fall upon the piece without delay.

David Murray

Television/**Patricia Morison**

Germany on the couch

Generalising about nations and races is a tricky and not entirely respectable business, even though whole careers are built on it. The superior view is that using national stereotypes is vulgar and mentally lazy. Yet much depends on how sophisticated the generalisation is or, at the very least, on how it is phrased. "What one should remember about the French is . . ."; "The key to the Finnish character is . . ."; those are the conversational markers which initially suggest the wisdom of the well-read, well-travelled observer, rather than – although it may indeed be the case – the bar-room bigot.

The Essential History of Europe: Germany (BBC 2 on Thursdays) was an extraordinarily interesting programme which brandished the sophisticate's version of the national stereotype. We were presented with a classic definition of the German as someone obsessed by the "vices" of obedience, discipline, order, and gripped by an exaggerated sense of dedication and perfection. Germans fear the outsider. Germans are always looking over their shoulder at the past.

Just the stuff, one might think, to fuel the prejudices of bar-room bigots everywhere. However, observations which would have sounded highly dubious from the mouth of a non-German sounded respectable when spoken as pessimistic home-truths. The cleverness of this film was to put Germany on the couch and, apart from an English narrator (perhaps a mistake), to make German speakers and the German language itself stand as witnesses to the troubled state of the German soul.

Most prominent among the speakers was a psychotherapist from Halle in former East Germany called Hans Joachim Maaz. Author of a recent book about the psychological trauma of reunification for East Germans, Maaz proposes an ominous view of the national psyche which few foreigners would feel comfortable about expressing at a German dinner table.

According to Maaz, the German suffers from the lack of a clear point of view, the consequence of being the obedient child produced by an authoritarian state. Democracy has been no more than imposed like a mask, a mantle, on a people whose history has created deep within them an "inner fascism". Setting fire to the homes of Ausländer is an all-too typical manifestation of "the hidden destructive forces which can emerge any moment".

The film was intelligently structured around conceptual signposts; *Zerissenheit*, meaning "a condition of inner strife"; *Vergangenheit Bewaltigungs* or "overcoming the past", *Heimat*, "homeland", and so on. We heard the terms spoken and, in a hopeful attempt to make them stick, were shown them written. That kind of didacticism would probably have made your average bar-room bigot switch off long before the grim forebodings of the programme's conclusion, about *Seelischer Emfremdung* and what will happen should western capitalism ultimately fail to deliver the material goodies which currently compensate for the Germans' spiritual bankruptcy.

But does this kind of analysis, which to many a British person would seem merely pretentious, actually take us near what real, live Germans worry about? I suspect that it may do, to judge from the experience of learning German at London's Goethe Institut. Even though we are mere babes attempting to get our feeble intelligences around the subjunctive tense, Teacher has already introduced the resonant concept of *Vergangenheits Bewaltigung*. Only this week she was exhorting us to attend a public seminar on V.B., to be addressed by a minor government minister. Which suggests to me that *Essential History* did get it right, and that the Germans really do revel in discussing their collective psyche in public.

Now Americans, I fondly believe, possess an innate conviction that the world can always be shaped to accommodate their wishes. So it was gratifying on Horizon's *Cheating Time* (BBC 2, Monday) to hear a 53 year-old singer called Jonie Mosby Mitchell state, "We don't have to accept the menopause any longer. You can do anything you want". And so Jonie ignored the ineluctable onset of ageing, the age-freckles on her hands and crowsfeet, and the withering of her womb four years previously with the menopause. She went right ahead and had herself a nice little baby boy which she loves very much.

However, to be accurate, it is only 50 per cent her baby, and genetically not hers at all – and if you are watching Channel 4's absorbing series on sociobiology, *The Sexual Imperative* on Thursdays at 9.00, you will appreciate what an unnatural thing that is. New techniques being practised in the US implant the eggs of donor mothers, fertilised by a woman's partner, into the womb of post-menopausal women which have been rejuvenated with hormones. It costs around $11,000.

Well, frankly, I do not hold with it. However, implantation looks a rather different matter when you see a young woman in her twenties who has already experienced the menopause. Should she just bow to fate? But there again, why should any of us women accept the menopause which one doctor described as "one of nature's design faults."

We are the only animal to have this particular design fault, and to lead such long lives after we become reproductively useless. Already the technology exists to freeze the eggs of fruitflies and return them to their aged mums which then buzz about like youngsters and live many days longer than they should. So it stands to reason, does it not, that some women are going to want to have babies in order to live into their hundreds? Is that kind of selfishness really possible? I would say yes. After all, Jonie Mitchell admitted she had never asked herself what it would be like for the child of her autumnal years to have such an antique mum. But that is not really part of the picture, is it, if your creed is, "You can do anything you want?"

Alfred Kerndl, Berlin's director of archaeology, outside the bunker of Hitler's bodyguards

Alastair Muir

Marcello Magni and Caroline Quentin as the two servants posing as master and mistress

Theatre/**Malcolm Rutherford**

The Game of Love and Chance

The title of Pierre Marivaux's play is teasingly misleading. There are delectable games of love in *The Game of Love and Chance*, but the only chance is the accident of birth. The upper middle class may pose as servants, and *vice versa*, yet in the end no-one marries beneath or below their station and the servants know their place.

The production at the Cottesloe, in a sparkling new translation by Neil Bartlett, looks like Pirandello with a touch of Noel Coward. The Italian connection is not surprising: Marivaux (1688-1763) belonged to the Italian rather the *Comédie Française* wing of the Paris theatre. He rejected the more formal approach of Molière, wrote mainly in prose and went in for knock-about. Where he foreshadows Pirandello is in playing games with illusion and reality.

Noel Coward is thrown in as a bonus. Stefan Bednarczyk, as the bachelor brother Maurice, even looks like him. He does a lot of languid piano-playing. The period is Coward, too: the men in elegant dressing gowns, the women constantly smoking, often with cigarette-holders. At least one reference in the text is a direct parody of the famous line in *Private Lives*: "Funny how eloquent cheap emotions can be," goes the new version.

The *coup de théâtre*, however, is something quite different. It consists of making Silvia, the principal girl, look a good deal older than one would expect. Here is a triumphant performance by Maggie Steed. It is no disrespect to her to say that she looks as if she has been in her upper thirties for several years. In presenting her as a mature woman Bartlett, who also directs along with Mike Alfreds, adds immeasurably to the feeling that sometimes surfaces above the comedy. It is much more interesting to watch an older, experienced woman fall in love than a strip of a coquette.

Unless I imagined it, Ms Steed's achievement goes beyond that. She looks younger, with fewer lines on her face, when she is playing the society woman she is than when she is posing as her maid Lisette. Then she appears slightly haggard, bowed down by the troubles of the world. Is this a social comment on the poor? Possibly, for *The Game* is a very social play in which the prevailing hierarchy is never seriously challenged by the participants.

Take just two examples. Silvia, acting as the maid though with the audience knowing precisely who she is, explains that she could certainly marry the man she believes to be a chauffeur, if he were higher born and rich; otherwise not, however much she loves him. The chauffeur-suitor, after revealing that he has both those attributes, tells her that a man in his position could not possibly offer more than to be faithful to her as his mistress. Only at the end does he decide he can marry beneath himself, which fittingly turns out not to be necessary.

There is a delightful, and totally related, sub-plot of two servants posing as master and mistress. Played by Caroline Quentin and Marcello Magni, they too make it to the altar, or at least to the final champagne.

If the plot in general sounds complicated in print, it is ever so simple on stage. Besides, Ms Steed in particular frequently steps out of it and makes her own comments to the audience. A minor criticism might be that Peter Wingfield as the suitor looks a bit young for her, almost as if he was just down from say Cambridge, but perhaps that is part of the fantasy. Pirandello would have loved it.

The production is mounted jointly by the Cambridge Theatre Company and Gloria in association with the RNT. It owes a lot to Bartlett's liberal translation.

In repertory, Cottesloe, Royal National Theatre, (071) 928 2252

Opera in Amsterdam/**Max Loppert**

Punch and Judy

Pierre Audi, for ten years (1979-89) director of London's Almeida Theatre, developed during that time an enviable reputation as a deviser of programmes – what was today discovered (or re-discovered) at the annual Almeida Festival tended to become tomorrow's musical fashion. Since 1989 he has been artistic director of the Netherlands Opera; and, notwithstanding the differences of style and substance between a small London avant-garde enterprise and one of Europe's most important opera companies, Audi has swiftly settled in to demonstrate the same skills in Amsterdam.

The blend of fare, casts and production teams has been balanced with imaginative flair. Audi regularly directed both plays and operas in his time at the Almeida; at the Muziektheater he continues to stage works (his recent Monteverdi *Ritorno d'Ulisse* was highly praised on this page by Andrew Clements). This season features, for instance, the first Dutch performances of Harrison Birtwistle's and Stephen Pruslin's *Punch and Judy* (1968), in an Audi production conducted by Oliver Knussen.

To my mind Birtwistle's first opera, a "tragical comedy or comical tragedy", stands as one of the key works, one of the extraordinary, unrepeatable outbursts of iconoclastic vitality in postwar British music. Its productions have been few – it is a chamber opera at once robustly entertaining and knottily complex – but almost all have etched themselves deep in the memory of their devotees (the 1982 Opera Factory version was a peak of that company's achievements).

Alas, on the evidence of its opening night, this new Amsterdam *Punch and Judy* may well be remembered for rather different reasons: it seemed to me, in several key respects, a flop of depressingly large proportions.

With hindsight it becomes clear that the attempt to do the opera in this theatre at all was on Audi's part a rare miscalculation. The stage, that huge Cinerama space, caused the tightly mapped formal patterns of Birtwistle's angularly lyrical vocal lines and Pruslin's elaborately witty verbal sallies to be spread out and, almost all of the time, to become hopelessly blurred. Then there is the matter of the Muziektheater acoustics, a modern disaster of uncommunicative dryness. (Only the Paris Bastille's are worse.) The physical unsuitability and acoustical limitations of the space managed, between them, to achieve the previously unimaginable – the blunting of the famously abrasive edge to Birtwistle's chamber-ensemble instrumentation.

Birtwistle's 'tragical comedy or comical tragedy' stands as one of the key works in postwar British music

Word-inaudibility was a constant; admittedly, composer and librettist built in a pretty considerable Comprehension Problem in the first place, but it needs to be grasped, not comprehensively evaded. Audi's production, which forsook the puppet-show setting and props specified in the stage directions, had as its background four gigantic inflatable dolls, hung on wires and slowly moved around. This was a stupendous feat of design (by the celebrated German artist Baselitz) whose qualities of monumental primitivism added to the general feeling of lethargy and deadened dramatic purpose.

Individual roles were characterised by costume (brilliant punk-cum-Beckettian invention by Jorge Lara) and by physical motions carefully routined – Punch jerks, slides and stumbles as if himself operated on wires, the Choregos prances about as a mixture of the clown Grock and Little Lord Fauntleroy. There was much well-crafted theatrical imagery on show, which was translated into particularly vivid action by Robert Poulton (Punch) and David Wilson-Johnson (Choregos), outstanding members of the six-strong cast.

But the confrontation in the opera of ancient and modern, ritual and burlesque, seemed entirely to escape this staging, which substituted instead an all-purpose air of Art. In the pit, at least, Knussen and the players of the Netherlands Chamber Orchestra managed to convey a much more lucid and idiomatic command of the work (but what were they all doing down there? The score calls for the disposition of the players into stage and pit bands). The number of audience members that I could see fast asleep in their seats by the three-quarter point of the unbroken 100-minute stretch suggested – as did much else in the performance – that the opera's cause will not have been greatly advanced by its first showing in Amsterdam.

Amsterdam Muziektheater: in repertory until January 29

INTERNATIONAL ARTS GUIDE

■ BARCELONA

Les Cuivres Francais give a concert of baroque and early music tomorrow at Palau de la Musica. Fri, Sat, Sun: Peter Maag conducts Barcelona City Orchestra in an all-Mozart programme, with violin soloist Frank Peter Zimmermann (268 1000). The next production at the Liceu is La gazza ladra, opening on Jan 25 (412 3532). Alan Ayckbourn's play Absurd Person Singular runs till Jan 24 at Teixidors Teatreneu, Terol 26. Information and booking for cultural events available through Caixa de Catalunya from 08.00 to 14.00 (310 1212)

■ COLOGNE

CONCERTS

Charles Dutoit conducts Orchestre National de France in works by Brahms and Tchaikovsky (violin soloist Midori) tonight at Philharmonie. Tomorrow: Neville Marriner conducts ASMF in works by Mendelssohn, Mozart and Schumann. Fri: Cologne Big Band. Sat: Harlem Gospel Singers. Sun morning: Mitsuko Uchida is piano soloist with Deutsche Kammerphilharmonie. Sun afternoon: Martha Argerich is soloist with Württemberg Chamber Orchestra. Sun evening: Herbert Blomstedt conducts Bamberg Symphony Orchestra in Bruckner's Eighth Symphony. Tues: Hot Jazz Meeting '93 (2801)

OPERA

Thomas Fulton conducts Willy Decker's production of Billy Budd tonight and Fri in the Opernhaus, with a cast including Philip Langridge, Boje Skovhus and Monte Pederson. Sat: Die Fledermaus. Tues: guest performance by Budapest State Opera. Next Wed: Pirates of Penzance (221 8400)

■ FRANKFURT

Opernhaus Tonight, Fri, Sun: Carmen. Tomorrow, Sat and Mon: William Forsythe's ballet Artifact (236061)

Alte Oper Tomorrow and Fri: Frankfurt Radio Symphony Orchestra in works by Dallapiccola, Wagner and Ravel. Sat: Charles Dutoit conducts Orchestre National de France in works by Ravel and Shostakovich. Sat (in Mozart Saal): Mitsuko Uchida is soloist with Deutsche Kammerphilharmonie. Sun morning, Mon evening: Heinrich Schiff conducts Frankfurt Opera Orchestra in works by Stravinsky, Borodin and Shostakovich. Sun evening: Neville Marriner conducts ASMF in works by Mendelssohn, Schumann and Elgar. Mon (in Mozart Saal): Brigitte Fassbaender song recital. Next Thurs: Martha Argerich (1340 400)

Schauspielhaus A new production of Sophocles' Antigone opens on Sun. The repertory also includes plays by Lorca, Shakespeare and Schnitzler (2123 7444)

■ GOTHENBURG

Gennady Rozhdestvensky conducts Gothenburg Symphony Orchestra in works by Haydn, Gubaidulina and Ravel on Fri evening and Sat afternoon at Konserthuset. Next week: Yakov Kreizberg conducts Blomdahl and Grieg. Jan 28, 29, Kent Nagano conducts Mahler's Third Symphony, with Anne Sofie von Otter (167000)

■ HAMBURG

Gwyneth Jones and Marie McLaughlin head the cast in tonight's performance of Turandot at the Staatsoper. Tomorrow, Sat, Mon and next Wed: new production of Bernstein's musical On The Town. Fri and next Thurs: Das Rheingold. Sun (also Jan 24, 31): Die Walküre. Tues: choreographies by Mats Ek and Lar Lubovitch (351721)

■ LEIPZIG

Gewandhaus Tomorrow and Fri: Peter Maxwell Davies conducts Gewandhaus Orchestra in his own Violin Concerto (György Pauk), plus works by Mendelssohn. Sat afternoon (in Thomaskirche): Thomanerchor and Gewandhaus Orchestra in Bach cantatas. Sun evening: Edith Mathis song recital. Sun afternoon: Hans Zender conducts orchestral works by Zender, Debussy and Beethoven (7132 280)

■ MUNICH

MUSIC

Prinzregententheater Tonight: Gianluigi Gelmetti conducts Bavarian State Orchestra in works by Webern, Dvořák and Prokofiev, with violin soloist Frank Peter Zimmermann. Sat and next Tues: Adam Fischer conducts concert performance of Don Carlo, with Margaret Price (221316)

Gärtnerplatztheater Tonight and Mon: Nutcracker. Tomorrow: Der Bettelstudent. Sat and next Wed: Le nozze di Figaro. Jan 24: new production of Ariadne auf Naxos (201 6767)

Herkulessaal der Residenz Tonight: Weimar Baroque Ensemble plays Pergolesi, Telemann and Vivaldi. Tomorrow: Mitsuko Uchida plays Ravel's G major Piano Concerto with Deutsche Kammerphilharmonie. Fri: Vedat Kozal piano recital. Sat: Chris Merritt song recital. Sun: Gidon Kremer violin recital (299901). Jan 23 at Olympiahalle: Luciano Pavarotti sings in Verdi's Requiem (9264 3227)

Gasteig Tomorrow: Ravil Martinov plays Chopin's two piano concertos with St Petersburg State Orchestra. Sat, Mon: Rudolf Buchbinder plays Beethoven's Fifth Piano Concerto with Munich Philharmonic. Sun morning: Berio conducts Berio. Sun evening: Nikolai Petrov plays Beethoven's Third Piano Concerto. Tues: Charles Dutoit conducts Orchestre National de France, with violin soloist Midori (4809 8614)

THEATRE

Residenztheater Tomorrow: first night of new production of Shakespeare's Romeo and Juliet (repeated Sat, Sun, Mon). Fri: Ariel Dorfman's Death and the Maiden (225754)

■ NEW YORK

THEATRE

● Forbidden Broadway 1993: a new edition of the long-running revue which spoofs Broadway shows. Just opened (Theatre East, 211 East 60th St, 838 9090)

● Anna Christie: Eugene O'Neill's drama, directed by David Leveaux, with a cast including Liam Neeson and Natasha Richardson. Tonight's performance is the final preview, opens tomorrow (Roundabout Theatre, 1530 Broadway at 45th St, 869 8400)

● The Sisters Rosensweig: Wendy Wasserstein's new play, a comedy with serious undertones, about the reunion in London of three American Jewish sisters – an international banker, a travel writer and a wife and mother who is a professional dispenser of advice (Mitzi E Newhouse, Lincoln Center, 239 6200)

● Oleanna: David Mamet's drama about a university professor and a young female student (Orpheum Theatre, 126 Second Ave, between 7th and 8th Streets, 307 4100)

● Crazy For You: award-winning musical comedy set in the 1930s (Shubert Theater, 225 West 44th St, 239 6200)

■ STRASBOURG

Antoni Wit conducts Strasbourg Philharmonic Orchestra in works by Prokofiev and Mendelssohn tomorrow in Palais de la Musique, with violin soloist Augustin Dumay. Sun: Orchestre National de France in works by Brahms and Ravel (8837 6777)

■ UTRECHT

Vredenburg Tomorrow: Valery Gergiev conducts Rotterdam Philharmonic Orchestra in works by Tchaikovsky and Debussy. Fri: Hans Vonk conducts Netherlands Radio Philharmonic Orchestra in an American programme, including Barber's Violin Concerto with Marco Rizzi. Sat: Radio Symphony Orchestra plays works by Scriabin, Rubinstein and Rimsky-Korsakov. Sun afternoon: Kenneth Montgomery conducts choral works by Chabrier and Poulenc. Sun evening: Jean-Jacques Kantorow directs Netherlands Chamber Orchestra in Vivaldi's Four Seasons. Tues: John Adams conducts Schoenberg Ensemble in his new Chamber Symphony, plus works by Ives and Feldman (314544)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0700-0710, 1230-1240, 2230-2240 FT Business Daily
0710-0730, 1240-1300 (Mon, Thurs) FT Business Weekly – global business report with James Bellini
0710-0730, 1240-1300 (Wed) FT Media Europe
0710-0730, 1240-1300 (Fri) FT Eastern Europe Report
2240-2245 FT Report

Sky News
2030-2100, 2230-2300 FT Business Weekly

SATURDAY

CNN
0900-0930, 1900-1930 World Business This Week – a joint FT/CNN production

Super Channel
0830-0900 FT Business Weekly

Sky News
1130-1200, 1730-1800 FT Media Europe

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1900-1930 FT Business Weekly

Sky News
0130-0200, 0530-0600 FT Media Europe
1330-1400, 2030-2100 FT Business Weekly

Edward Mortimer

Cold war warmed over

Militant Islam has become the west's new evil empire

A year ago this week the Algerian army deposed President Chadli Bendjedid and cancelled the second ballot of parliamentary elections, due to take place a few days later.

It was, on the face of it, an outrageous thing to do, just after the decisive political victory of liberal democracy over Soviet communist in eastern Europe and the decisive military victory of the western democracies over the army of an Arab dictator in the Gulf war. Surely the same western democracies that had put great pressure on governments elsewhere in Africa to accept multi-party elections would not tolerate such a blatant abortion of the electoral process on the very fringe of western Europe?

They did, of course, and the reason is no secret. The Islamic Salvation Front (FIS) was virtually certain to win an overall majority if the second ballot had gone ahead. During the cold war, the west would turn a blind eye to authoritarian practices if the alternative seemed likely to be a communist or pro-communist government. Now, it seems, the same rule applies, only for "communist" read "Islamic fundamentalist".

In the case of communism, there was a double rationale for this attitude. On the one hand, the expansion of communism, by whatever means, was seen as threatening western security. On the other, it was argued that a communist victory, even through the ballot box, would in fact be a defeat for democracy, since a communist government would not allow any more free elections.

This second argument has been used explicitly in the Algerian case by a senior US official, Mr Edward Djerejian, who said there would be no overwhelming merit in a system of "one person, one vote, one time".

It has some plausibility, in that some of the FIS leaders had said openly that they did not believe in multi-party democracy, and it was doubtful whether the discredited Mr Chadli would have been strong enough to hold them to the constitution once they were in office.

A year later, however, the claim by the army to have saved democracy from itself is looking thin. Thousands of Islamic militants are in prison (and Amnesty International has again begun to receive regular reports of torture), but there are enough still at large to carry on nightly gun battles with the security forces in many parts of the country. There is no sign of new elections being held. Even in economic policy the regime has reverted to 1970s-style *dirigisme*.

The west's willingness to support such a regime suggests that Islamic fundamentalism has also replaced communism in the other half of the cold war rationale. It is seen as a threat not only to Algerian liberties but also to western security. John Esposito, a leading US specialist on Islam, shows in a new book, The Islamic Threat: Myth or Reality? (Oxford, $22), that this view is indeed held by many influential people in the US.

In many quarters, fundamentalism is now seen as the greatest threat to western security

It is probably even more widely held in Europe. The normally sober Economist magazine, in its imaginative history of the 21st century published last month, sees a new Arab-Islamic superpower, with Iran and Pakistan as satellites, conquering Turkey and south-east Europe, and going on in alliance with China to subdue large parts of Russia.

The Economist imagined this superpower starting with a coup in Saudi Arabia in 2011. But it also assumes that an isolationist US will confine its interest to a "tranquil, fairly prosperous and almost wholly democratic" western hemisphere, while western Europe, protected by its nuclear deterrent, suffers only an influx of Russian refugees.

Tragic as such a scenario might be for Turkey and eastern Europe, a cynical west European (and still more a cynical American) may be tempted to wonder what all the fuss is about, if that is the worst that "resurgent Islam" can do to him. The most plausible part of it is that western Europe's "disaster" takes the form of a bungled Anglo-French military intervention in the Middle East, not an Arab or Moslem invasion of western Europe itself.

Mr Esposito takes an optimistic view of Islamic revivalism, concluding that "guided by our stated ideals and goals of freedom and self-determination, the west has an ideal vantage point for appreciating the aspirations of many in the Moslem world as they seek to define new paths for their future".

The French scholar Olivier Roy is much gloomier about what Islamic movements have to offer their own people. But the title of his book, The Failure of Political Islam (*L'échec de l'Islam politique*) (Seuil/Esprit, FFr130), is also implicitly reassuring from a selfish western point of view.

Mr Roy, who was an admirer of Islamic politics in its revolutionary phase, recounts sadly how such movements have retreated during the 1980s into what he calls "neo-fundamentalism", or even "lumpen-Islamism", led by less well-educated people who interpret Islam as an austere and joyless life-style rather than a recipe for social liberation.

Mr Roy takes it for granted that the FIS will come to power in Algeria sooner or later. But, he says, it would change only the law and *les moeurs* – not so much actual morals as the code of public, or publicly admissible, behaviour. "It no longer offers any model of a different society or a better tomorrow."

Algeria under such a government would be more like Saudi Arabia than Iran. Not perhaps the ideal neighbour one would wish for, but hardly a significant threat to European security.

Charles Leadbeater examines the pressures facing Japanese employment during recession

Tough middle age for lifetime jobs

I was going to call 1992 our *annus horribilis*," remarked one of the Bank of Japan's senior officials, "but I think we had better reserve that term for 1993."

It is certainly how this year will be remembered by 35 hapless older managers at Pioneer, the manufacturer of compact discs and video recorders. They have been offered an ignominious choice: accept early retirement or face the sack.

Until this year, they would have counted themselves among the beneficiaries of the Japanese system of lifetime employment at large companies, which guarantees male, full-time workers continuous work until retirement at 60.

The system is an exchange of loyalty for trust. After years of dedicated grind in the company cause, workers trust their employers to take care of them until retirement, even if they do barely productive jobs in their twilight years.

Pioneer's move has shocked its own staff and many other companies, because it casts doubt on whether that bargain still holds good. Moreover, it is not alone in taking a tougher line with older managers.

Nippon Carbon, the ceramics group, recently introduced a system under which section chiefs and general managers lose their titles once they reach the age of 57. With the title goes about a third of their pay packet.

Yamaichi, the securities company, has dispatched 200 senior managers to relatively unglamorous jobs in its retail securities business. Mitsukoshi, the department store, is slimming its managerial workforce to give younger managers more influence. Other companies, particularly in the steel and electronics industries, are taking similar actions.

Taken together, these moves have prompted concern that the severity of Japan's economic downturn may put its lifetime employment system under threat. But how great is that threat?

Employers are under mounting pressure to reduce wage bills. Most Japanese companies are facing their third successive year of falling profits, despite cutting costs such as advertising and investment. Labour costs, which make up about 43 per cent of fixed costs for the average company, are an obvious target, particularly as many employers say they are overstaffed.

According to the Bank of Japan's quarterly survey of business attitudes, conducted in November and published last month, there was a gap of 8 percentage points between the number of companies reporting an excess of labour over those reporting a shortage.

Two years ago there was a gap, in favour of labour shortages, of 46 percentage points.

The financial pressures upon Japanese companies have fuelled speculation that they may be on the verge of adopting more western methods of management, by aggressively cutting labour costs to raise profitability.

As yet it is little more than speculation. For the most striking characteristic of the Japanese labour market during this downturn has been its resilience. In the recession of the mid-1980s, caused by the yen's appreciation, the unemployment rate rose to 3 per cent. Nine months into this downturn, unemployment has stayed constant at just over 2 per cent.

The ratio of job offers to job seekers has fallen to 0.96, which means that for every 100 job seekers there are only 96 job offers. However, this is still well above the ratio's low of 0.6 in the mid-1980s.

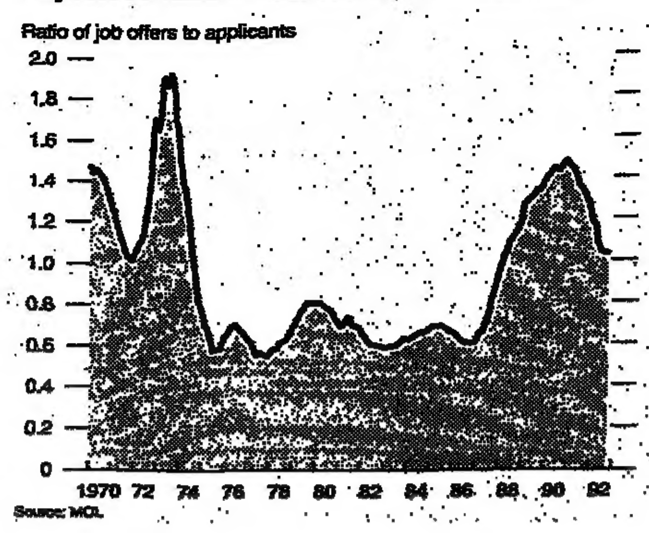
In the current downturn, 75 industries have applied for government subsidies to help them pay the wages of laid-off workers. In the recession of the mid-1980s, about 161 industries applied for such subsidies.

Employers are strongly resisting reductions in their staff. Japan's low birth rate means the workforce is likely to grow by less than 1 per cent for the rest of the decade. Employers fear that, if they lay off workers now, they will face a labour shortage once the economy recovers.

In an attempt to retain workers, many Japanese companies are going to extreme lengths. Nikko Securities estimates that between July and September last year 900,000 manufacturing workers, about 6 per cent of the workforce, became "unemployed within their company". Most are being paid to stay at home, others are doing jobs of little value within their offices or factories.

Japanese labour market: limited choice

Ratio of job offers to applicants



Source: MOL

Many older workers are being shuffled off to subsidiaries and suppliers. A European banker recalls how the president of a leading Japanese bank described its plans to cut employment costs without sacking anyone: "The president explained that the bank was fortunate because it had plenty of clients who were facing a labour shortage who were only too happy to take extra staff. What that probably means is that each of the clients was told to take some of the bank's 55-year-old managers or they would not have their overdraft extended." "

Job security after 50 will increasingly depend on performance

It is only when companies have exhausted all the alternatives – reduced overtime, cut part-time workers, frozen recruitment, transferred staff to subsidiaries, paid them for months to stay home – that they consider more radical action.

Even then, moves such as Pioneer's do not mark the start of Japan's conversion to western approaches to cost cutting. The company's 35 managers represent less than 0.5 per cent of the company's workforce, and the scale of the cuts pales in comparison with the redundancies announced by some US and European companies. In December, for example, IBM, the US computer group, announced it would cut its workforce by 25,000 or 8 per cent of the total. General Motors, the US car manufacturer, and Daimler Benz, the German engineering group, have also announced big cuts.

In addition, most Japanese companies regard Pioneer's move as an aberration. Nippon Steel's response was typical: "Our policy is to protect employment. We do not fire anyone, we transfer them to new business areas."

Mr Jason James, equity analyst at James Capel, explained: "It is very bad for a company's image to fire people, because for Japanese companies sackings are still taken as a sign that the company is in trouble."

Yet the downturn is unlikely to leave the lifetime employment system unscathed. It will undergo reform rather than revolution. The system itself is not under threat, but companies are demanding more in return for the security they provide, particularly for older, white-collar workers. In past recessions, blue-collar workers bore the main burden of adjustment. Now, early retirement programmes for managers, which were rare a decade ago, are becoming commonplace.

Clarion, which makes loudspeakers for audio systems, plans to eliminate 300 jobs by March primarily by encouraging early retirement among production managers in their 40s and 50s.

Sanyo Electric last month adopted what could well become a model for other companies in the hard-pressed electronics sector. Between the ages of 50 and 54, employees now have three options: remain a Sanyo employee and accept they may be compulsorily redeployed; leave Sanyo to join an affiliate at a lower salary but with a higher retirement allowance; or accept training and finance from the company to help set up their own businesses.

Such schemes have two main aims. They reduce the ranks of highly paid middle managers within large companies, and provide opportunities for younger managers. They also send a powerful signal to younger workers: security of employment after 50 will increasingly depend on their performance and cannot be taken for granted.

The foundations of the lifetime employment system may yet be shaken by a sharp decline into outright recession. Such a decline, brought on by a renewed collapse of the fragile Tokyo stock market, cannot be ruled out. Electronics companies, which face a prolonged slump in demand, would be particularly vulnerable.

However, most companies are expecting that last year's emergency Y10,700bn (£55bn) public spending package will help revive industry. The government forecasts that the economy will recover in the third quarter of this year and achieve 3.3 per cent growth in the year to March 1994. As a result, most companies should probably be able to avoid deep cuts in their workforces.

That would allow the lifetime employment system to survive, albeit in amended form. But for some poorly-performing managers, the victims of that amendment, the promise of lifelong security may prove increasingly illusory.

LETTERS TO THE EDITOR

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Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Points to consider on BA/Virgin

From Mr John Duffield.

Sir, Perhaps the most interesting statement in the Virgin/BA affair is that of Sir Colin Marshall that Richard Branson's allegations were "wholly without foundation and unjustified" ("Virgin's honour remains intact", January 12).

There seem to me to be three possibilities: Sir Colin may have deliberately lied; he may have investigated the allegations and found no evidence; or he may have not bothered to investigate them.

I think that the shareholders in BA are entitled to know whether their chief executive is venal, incompetent or merely arrogant.

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Retention of status quo at BBC the only sensible option

From Mr David Robertson.

Sir, David Sawers argues (Personal View, January 6) that the proliferation of TV and radio channels will make it increasingly hard to justify a licence fee to pay for the BBC. Events since New Year suggest quite the opposite is the case.

Though we were warned by the FT's unfailingly perceptive television critic in advance of the new ITV regime that more would mean worse, I wonder if any of us really appreciated how worse. The awfulness of GMTV, for example, seems to have surprised even those who listened to the clear warnings of its director of programmes, Lis Howell, not to expect anything "innovative".

The decision to award franchises on the basis of money rather than quality means that – except for those companies which gambled successfully on having no credible opponents – the new franchise-holders must make big returns quickly.

Hence cheap programmes will be preferred to expensive ones: no *mission to explain* when you can build a tower of toast for the price of a sliced loaf. And in the race to maximise audience share, the Hollywood cliché that no one ever went broke underestimating public taste still holds good.

Since there is only so much advertising revenue to go round, the result of having even more channels will inevitably be that standards fall even further.

Against this background, there is an overwhelming argument for retaining the BBC at roughly its present size and with its present range of output. This means it must have access to adequate, secure and predictable funds. None of these objectives could be secured by sponsorship, subscription or any of the other models proposed by David Sawers.

There is of course an element of rough justice in charging everyone the same, but the sum involved is unbelievably small in relation to the extent and quality of the BBC's output; and the costs of varying the charge according to income or use of BBC services would surely not justify the possible benefits.

As Chris Dunkley passionately and correctly argued when the government issued a discussion paper on BBC finances, ministers must constantly be reminded that the status quo is an option. I suggest it is the only sensible one.

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Myth of inefficient use of accountancy information

From Mr David Damant.

Sir, In his accountancy column (January 7), Andrew Jack refers to the responsibility of financial journalists when commenting on financial reports and accounting issues. One way in which this responsibility could be correctly exercised is in recognising that the stock exchange is in fact rather good at discounting accounting information correctly and is not misled by simplistic devices.

Nevertheless, Mr Jack refers to the way in which company share prices "seem" to drop after purely presentational accounting changes: and it may be true that this is the appearance. But in fact it is difficult to make money out of the marketmakers, assuming the announcement of the results was not in itself confusing. The article also refers to the attention paid by analysts and investors to short-term returns and bottom-line earnings, where all the evidence – overwhelmingly – is that the market takes the long view and takes account of a wider information set. But it is true that the short-term picture is often the best new evidence about the long-term picture.

The constant repetition of these myths about the inefficiency with which accounting information is used is exceptionally dangerous and this is not a secondary question. There are two serious consequences. The first is that the setting of accounting standards and their implementation is affected by a misapprehension of how the information is discounted in share prices – a point which is relevant to your Lex column of January 7. Second, and more seriously, if a company management believes these myths, the directors may take action in the real economy which will be detrimental to the national interest. Thus, for example, management may make short-term investment decisions because they believe that that is what the market is looking for, whereas in fact they could take long-term investment decisions for which, if those decisions were correctly made and accounted for, the market would give the company full credit.

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International trends point to an uncommercial future for Thorp nuclear reprocessing plant

From Mr Richard Le Coyte.

Sir, British Nuclear Fuels' denial of the economic and political reality surrounding the future of its Thorp plant (Letters, January 6) does not mean the facts will disappear.

BNFL's two largest foreign customers, Germany and Japan, are reconsidering the wisdom of reprocessing nuclear waste. The chairmen of the German electrical utilities are engaged in discussions with politicians to reach a consensus on energy policy.

These discussions include ceasing reprocessing in favour of the cheaper option of direct storage. BNFL's contracts include clauses enabling its customers to withdraw from reprocessing.

The Japanese government has been rocked by international protest surrounding the recent plutonium shipment from France – a taste of things to come if Thorp begins operation.

Technical problems with the Monju fast breeder reactor and widespread fear of regional political instability caused by Japan's plutonium surplus, has prompted a reappraisal of its commitment to the plutonium path.

For these and other reasons, not limited to Germany and Japan, the likelihood of BNFL obtaining contracts beyond the first decade of Thorp's operations is remote. Further, it is doubtful whether existing contracts for the first decade will run according to BNFL's plan.

The UK government's refusal to underwrite BNFL's contracts with Nuclear Electric and Scottish Nuclear is a sign that BNFL's optimism is unwarranted. Thorp's profit seems destined to change from meagre to negative.

The question facing the UK government is whether to operate Thorp and create a costly decommissioning problem (even using BNFL's minimal estimate of £900m) or to recognise that times have changed since 1977 when the go-ahead for Thorp was given. The only rational conclusion is to scrap Thorp.

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Reviewing the regulators

THE TIME is ripe for reviewing the British system for regulating privatised utilities. This is partly because it is over eight years since Oftel, the first of the new watchdogs, was set up to regulate a privatised British Telecommunications. Since then, the gas, electricity and water industries have been privatised and there has been a lively debate on whether the regulators have been too weak to stop these companies earning excess profits or have expropriated shareholders' wealth through over-zealous action.

Time has also revealed some of the structural defects of privatised industries. Such defects are behind both the current Monopolies and Mergers Commission's investigation of British Gas and the government's energy review.

The regulatory system is working reasonably well. It is certainly much better than the old approach which encouraged constant ministerial interference in nationalised companies. But there is room for improvement. Given the overall economic importance of the utilities, the prize of a better system is well worth aiming at. But, unless the government initiates a review soon, the future shape of regulation may be set by precedents established on a piecemeal basis at the MMC, without any attempt to learn wider lessons.

The experience so far is summarised in a report published this week by the European Policy Forum, a UK think-tank. Although the report contains much interesting detail, its overall tone – that investors are being treated unfairly as a result of arbitrary actions by over-mighty regulators – is questionable.

The pitched battles between utilities and their regulators are largely a result of the government's decision to privatise industries as quasi-monopolies. Lacking the discipline of effective competition, it is not surprising that some of these companies have used their muscle to the detriment of customers and fledgling rivals. The regulators would not be doing their jobs if such abuses of monopoly power went unchallenged.

A review of utility regulation would need to examine at least the following issues: the accountability and discretion of the regulators; whether the current system needs streamlining; and how structural changes to utilities should be brought about.

The clearest issue is accountability. Too often the process by which regulators reach their decisions is opaque and they themselves insufficiently accountable. Possible solutions could involve requiring regulators to hold public hearings and/or to give detailed reasons for their decisions. Parliament would also have a greater incentive to oversee their actions if a select committee had the right to veto top appointments.

But the need for greater accountability does not necessarily mean that the regulators' discretion should be curtailed, as some suggest. A case can be made for a more legalistic framework on US lines. But the US system has proved costly and too open to regulatory capture.

A case can also be made for streamlining the current patchwork, in which each regulator has somewhat different powers, and even for merging the various bodies into one or more "super-regulators". But, while greater harmonisation has its attractions, so does the present diversity.

Even more important is how structural changes to the utilities, such as breaking them up into smaller competing units, should be engineered. This is not now the exclusive province of the regulators and nor should it be. Regulators can refer companies to the MMC, which then makes recommendations. Although this system of checks and balances has merit, it is a rough and ready approach not clearly understood by investors.

Given the complexity of the issues, what is needed is not hasty reform, but a thorough review. Since many of the current problems stem from privatisation decisions taken by ministers and their civil servants behind closed doors, such a review should be both open and independent.

Patten's progress

LAST OCTOBER'S proposals to widen Hong Kong's democratic base by Mr Chris Patten, the governor, angered China's hardline communists. They demanded complete withdrawal. Mr Patten then challenged Beijing to suggest a better framework for the 1995 Legislative Council (LegCo) elections. This fruitless exchange left Hong Kong people, who will fall under Chinese sovereignty in 1997, worried about their future. China's threats and hostility seemed to put at risk the "one country, two systems" principle which they had been promised.

But Mr Patten's proposals have had another effect. They have sparked precisely the kind of political debate in Hong Kong which, presumably, Beijing abhors. This healthy development may offer a way forward.

Mr Patten has repeatedly said he can only go as far as the people of Hong Kong want him to. For him personally, this approach offers a political escape route – he does not need to go down with the ship of his proposals. But it also means that Hong Kong's legislators have to assume the higher degree of responsibility for Hong Kong's future that greater democracy implies. If democracy is to mean anything, disagreements must provoke a public debate which can change things.

Such debate is now under way in Hong Kong and may well produce workable alternatives to Mr Patten's proposals. The time for deliberation has been extended by the decision of the Executive Council, Mr Patten's appointed advisory body, to spend the next month discussing the issue. Then the governor's proposals, amended or not, will go to LegCo, which will also debate them at length. Suggestions for amendments have begun to emerge. The leading conservative faction on LegCo says it will table amendments withdrawing the elements most objectionable to China. Ranged against it are those who back Mr Patten's proposals as the best they are likely to be offered.

The battle-lines are still rudimentary. The essential point is that debate within Hong Kong is under way on determining the colony's future. This is the best guarantee of the "one country, two systems" approach and thus the one most likely to maintain business confidence. It would not necessarily be easy for China to scrap electoral arrangements determined by the Hong Kong people after it took over – and it might not even want to.

Housing choices

THE GOVERNMENT wishes to encourage the revival of the private rented sector of the UK housing market to improve choice. It also wants to reduce tax subsidies for homeowners, to reduce public expenditure.

Progress towards both aims could be achieved by sweeping away mortgage interest tax relief at the next Budget. Not only would this save over £5bn of public spending next year, it would help restore the fiscal balance between different types of housing tenure. Modest investment incentives for landlords might also be considered to stimulate the private rented sector.

However, instant abolition of mortgage interest tax relief is inadvisable economically and infeasible politically. The loss of this subsidy would almost certainly depress house prices further and thus impede the hoped-for recovery. Politically, the most obvious problem is that the Conservatives' election manifesto promised to maintain mortgage interest tax relief. The government is unlikely to overturn such an unambiguous pledge, especially since the extension of home ownership in the 1980s is seen as one of its greatest achievements. However, the absence of any qualification insisting that mortgage interest tax relief be retained in its present form offers some scope for manoeuvre.

First, the tax relief could be capped at its present level. It has already been restricted to the first £30,000 of loans for over a decade. Since 1991, it has also been limited to the basic rate of tax of 25 per cent. Meanwhile falling interest rates have reduced its value to around £600 a year per mortgage. Capping would prevent the bill rising if interest rates rise in the future.

Second, the rate of tax relief could be trimmed from 25 per cent to 20 per cent, the new lower rate of tax introduced in the last Budget. This would cost homeowners not much more than £10 a month, an amount unlikely to depress house prices further. The level of tax relief could be further cut once the housing market recovers.

Neither step would do much to help improve the government's fiscal position, saving perhaps £1bn at most. But by capping the cost and beginning to ratchet it down, progress would at last begin towards abolishing a subsidy which has distorted the housing market for too long.

Quiet coup at the Linoleum Palace

Reforms are under way at the Treasury, but some critics believe they do not go far enough, says **Peter Marsh**

Under attack for being too isolated, the UK's most important government department, the Treasury, yesterday took the unusual step of opening its doors to outsiders. Mr Alan Budd, the Treasury's chief economic adviser, presided over the first meeting of its new forecasting panel of seven private-sector economists.

The meeting is part of a more widespread exercise in engineering an open debate on how the government reaches decisions on economic policy and on how to improve them. "The panel is a rare opportunity to have a structured public debate about the economy," said one member, Professor Wynne Godley of Cambridge University. "The creative possibilities are enormous."

Some critics complain the moves towards openness are largely cosmetic. Even so, nobody can dispute the number of initiatives set up by the Treasury in the wake of its recent misjudgments about the UK economy and Britain's exit from the European exchange rate mechanism last September.

Today, the Treasury is to issue the second in its new series of monthly monetary reports, which are supposed to shed more light on its thinking in areas such as interest rates and inflation – until now a mostly secret process.

In recent months the Treasury, which besides controlling interest rates also has the final say on public spending and tax policy, has set up a panel of representatives from big companies, which meets three times a year to give the department views about economic trends.

Reacting to criticism that the Treasury has an inadequate understanding of business, Sir Terry Burns, the department's permanent secretary, last year called in Mr Howard Davies, the former Treasury official who is now director-general of the Confederation of British Industry, to advise on ways to foster more contacts with the outside world. Sir Terry has since instructed his top 100 Treasury officials to spend at least a day a year visiting British companies.

The Treasury has also indicated it wants to attract more outsiders to work within the department on a part-time basis. One example is Professor Charles Bean, an economist at the London School of Economics, who is working at the department for a day a week and said his role would be "in-house academic".

The Treasury – dubbed the Linoleum Palace by irreverent outsiders – is a stimulating place for an academic to work. Such is the range of issues it deals with that many areas of activity in the UK, from buying houses to the design of nuclear missiles, are influenced to some degree by Treasury policies.

Partly because of this range of responsibilities, the department is often the butt of criticism from groups that feel their views have been left ignored. Though the most important decisions are taken by Mr Norman Lamont, the chancellor, much of the power rests with often-anonymous Treasury officials.

In the past year, critics from industry, the City and other government departments have become more vociferous. That has been mainly because of the Treasury's failures in monitoring the recession and its lack of preparedness for the currency storm which swept Britain out of the ERM.

Many business leaders are perturbed by the Treasury's recent poor record. Mr Clive Thompson, chief executive at the Rentokil pest-control and environmental services group, said: "The Treasury's economic forecasts have been misguided, and so have many of its decisions." Mr Christopher Haskins, chairman of food manufacturer Northern Foods, argues that many of the Treasury's failures in judging the economy stem from a "disastrous" lack of understanding about the needs of industry.

Although the Treasury appears to recognise the problems, it is moving only slowly to a new policy of forming better links with industry, commerce and the academic world. One difficulty is that, under civil service convention, Treasury officials' advice to ministers is normally considered secret, letting ministers consider privately a range of possibilities, before a final policy decision.

According to Mr Roger Bootle, chief economist at Midland Bank, the shift so far does not add up to much. "We still have the Treasury having its own debate about economic policy and another, unconnected debate going on outside."

Any changes in the Treasury's way of working which result from the new initiatives will relate to two important areas: people and organisation. Most of the top officials are Oxbridge-trained and have spent all their careers either in government or other public-service jobs. Exceptions are Sir Terry and Mr Budd, who both worked together as economists at the London Business School in the 1970s.

Sir Terry came to the department in 1980, initially as chief economic adviser. He stepped up to the top job nearly two years ago. Since then he has lost much of his early reputation as an outsider wanting to shake up Whitehall. Mr Budd, who joined the Treasury in September 1991 from Barclays Bank, where he was economic adviser, has emerged as a force for change within the organisation.

A frequent criticism by business leaders and politicians is that Treasury employees, however bright, have too narrow an understanding of the world outside government. Mr John Townend, chairman of the Conservative backbench finance committee, who runs a family wine business, said: "I'd like to see more people at the Treasury with a gut feeling about how industry works."

Although self-confidence has been a feature at the Treasury for decades – a result of its role at the centre of power – Sir Douglas Wass, Treasury permanent secretary from 1974 to 1983, reckons that the current long spell of Conservative government may be a factor behind the Treasury's difficulties. He said that the Treasury had not employed enough "mavericks" who would question ministers' own judgments about the economy.

Mr Richard Tolkien, a former Treasury official who is now head of corporate finance at Morgan Grenfell, the merchant bank, said: "Inside the Treasury in the early 1980s, if you did not go along with ministers' views, you prospered less than those who did."

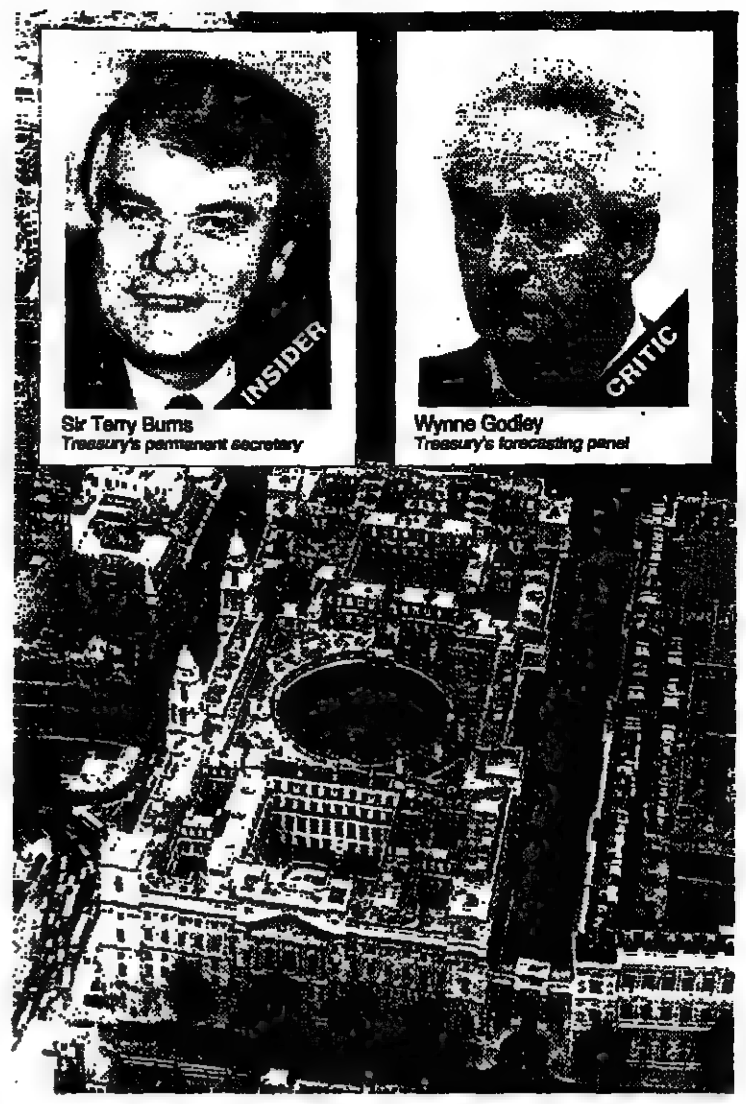
One way forward has been proposed by Professor Patrick Minford of Liverpool University, another member of the forecasting panel, who would like to see officials attaching their names to specific initiatives. That, he believes, would eventually encourage the promotion of officials with good ideas.

A separate criticism is that the Treasury is simply too powerful. Mr Graham Mather, president of the European Policy Forum, a research group, said the Treasury had an important job in restraining growth in public spending. But the effort it puts into this deflects from other equally important tasks, such as establishing the right relationship between central and local government, and attracting more private capital into roads and railways. Mr Paul Lester, chief executive of the Graseby electronics group (formerly Cambridge Electronic Industries), said: "The Treasury spends too much time asking how it can cut spending, rather than asking how to spend money on useful projects."

Following on from suggestions that the Treasury is doing too many jobs, many – including the CBI's Mr Davies and Mr Andrew Britton, director of the National Institute of Economic and Social Research, a private sector think-tank – have called for it to be split up. Mr Britton said: "The Treasury is trying to be both an Office of Management and Budget, and a Council of Economic Advisers [the two US institutions supervising public spending and overall economic policy]. It ends up being neither."

Such ideas are not on the agenda at present. And no one pretends that a "devolved" Treasury – with its functions scattered around other government departments, possibly with monetary policy being handed over to a newly independent Bank of England – would by itself guarantee better times for the UK economy. But if the Treasury's new initiative fails to deliver more successful policies, pressure for more radical changes will mount.

Treasury under siege



Sir Terry Burns
Treasury's permanent secretary

Wynne Godley
Treasury's forecasting panel

The missing link in Britain's economy

PERSONAL VIEW

Industrial strategy is the vital missing component of the UK's market economy. It is not possible for market forces to allocate resources efficiently unless the markets know and understand what they are doing. Macroeconomic and financial policy alone are not enough. Industrial strategy means developing a common understanding about the role of industry in the economy and the direction of technological and industrial progress.

Despite Britain's success in improving productivity during the 1980s, there is an urgent need to rebuild confidence in UK industry. The nation has a chronic trade deficit, a persistent recession and rising unemployment. There is not enough productive capacity in UK manufacturing and too much capacity in financial services.

The country has expectations for living standards which the economy will be unable to deliver in the immediate future. It will be unable to deliver them at all unless industry is rebuilt.

The UK is reaping the results of 20 years of myopic complacency. Too many political and business leaders were misled into believing that manufacturing industry had become unimportant. In truth, prosperity depends more than ever on technology and industry.

Service industries are rarely able to improve their productivity or service quality by their own efforts alone. They usually need new and improved – or more affordable – equipment.

Many people seem to think that "technology" means machines and equipment. But machines and equipment – and the software for their operation – are only the products of technology. Technology is the practical capability to produce goods or services. It is therefore about people, their skills and knowledge and the ways they are organised. "High technology" businesses are the ones which require high levels of specialised skill, knowledge and organisation.

It takes time for industry to accumulate expertise, to build cohesive teams and to establish a strong market position. Therefore, to achieve industrial competitiveness normally requires decades of persistent activity, not just a few years. Strategic vision and consistency of policy by companies, by their financial investors and by government are crucial.

This cannot be achieved by macroeconomic policy alone. Hence the need for a coherent and sustained industrial strategy. Achieving it, though, will require a new approach by industry, government, education and the financial world. That is why the Engineering Employers' Federation published its industrial strategy proposals in late November.

Most economic growth originates from technological innovation in manufacturing

The federation argues that industry must develop its own strategic thinking and look for organic growth, not just acquisitions. Government must stimulate and co-ordinate strategic thinking and take the lead in developing a "vision" of how technology can be developed to national advantage. Neither the ideas nor the action to develop them need originate with government, but it has an essential role as catalyst and stimulant.

The government's active role must include shifting the policy emphasis from scientific research to technological development; and maintaining support for technology through to full commercial development. This involves not only government-funded R&D but also many other governmental activity, including public purchasing; the regulation of telecommunications, energy and transport industries; provision of infrastructure; and provision of education and training.

These needs are not met by existing government policy and departmental structure. There is much to welcome in the detail of recent government actions, but as yet there is no sign of strategic thinking. There needs to be a powerful unit with overall responsibility for industrial strategy, backed by the willing and active co-operation of all government departments. Otherwise, the present over-emphasis of the short term and fragmentation of policy will continue.

The federation hopes that the Department of Trade and Industry's competitiveness unit is now "benchmarking" the UK's performance, including that of government, against its successful competitors. Merely gathering information on what other countries do is not in itself a strategy.

This, and much other information, must be used for industry and government jointly to develop strategic thinking in the context of the country's own situation and its own creative energies. Only then would it have the essential background of knowledge and understanding for market forces to function effectively.

Neil Johnson

The author is director-general of the Engineering Employers' Federation

OBSERVER

Wall Street kite-flying

■ Well, well. According to the Wall Street rumour mill, Salomon Bros may rehire John Meriwether, a former vice-chairman and legendary bond-trader, sacked in 1991 as part of the management shake-up in the wake of the US Treasury auction "irregularities".

Neither Salomon nor Meriwether is commenting, but it is believed the firm's hugely successful group of bond-traders and arbitrageurs, who generated several billion dollars in revenue for Salomon last year, are lobbying for his return. Their case is easy to understand. Salomon is first and foremost a bond-trader and if someone of Meriwether's talents, and popularity, were to pop up on the other side of Wall Street, it could be bad for business.

Although Meriwether was fined and suspended from the securities business for three months by the SEC for failing to supervise properly the trader who submitted false bids in the 1991 treasury bond auctions, it is argued that he had little to do with the events that led to the scandal. His only fault was his naivety, say his fans.

There is one formidable obstacle to his return, however, in the shape of Warren Buffett, the billionaire investor who cleaned up Salomon in the immediate aftermath of the scandal. Perhaps he's going soft. But it's hard to believe that he would want to see such a highly visible symbol of Salomon's much-criticised past rejoining the firm.

On parade

■ Interesting to see who turns up in Hampstead next Sunday to commemorate the 30th anniversary of the death of Hugh Gaitskell, the former Labour leader who tried in vain to heal the party's internal divisions over disarmament and nationalisation.

So far all we know is that Tony Clarke, chairman of Labour's National Executive Committee and former postal workers' union boss, will be there, but Glenda Jackson, the actress and newly elected Labour MP for Hampstead, will not. She has a prior engagement.

Trendy

■ What does one make of Burton's latest management gimmick? Only a week after the retailer announced that it was cutting 2,000 full-time jobs and creating 3,000 part-time ones, Burton has issued 250 of its retail store managers with About Time, a new book on part-time working by Patricia Hewitt, deputy big cheese of the Institute for Public Policy Research, Lord Hollick's socialist think-tank.

Burton stresses that the £9.95 tomes are not intended as farewell

presents but are meant to educate. No doubt Hewitt will be chastened by the fact that the biggest interest in her book so far has come from a pillar of the capitalist establishment seeking an alibi for getting rid of people.

Anyone for qat?

■ The organisers of the UN-sponsored Somalia peace talks that ended in Addis Ababa yesterday did their best to put the bitterly divided delegates at their ease. Warlords attending the UN cocktail party in a grand ballroom at the Hilton Hotel rubbed shoulders with the secretary-general, dipped into huge trays of smoked salmon and hors d'oeuvres, and made polite noises about a huge ice sculpture in the centre of the room depicting not a swan, but the letters "UN".

But most appreciated was a homely touch when business got under way. Qat, the leaf which when chewed releases a mild amphetamine, is to Somalia what tea is to Britain or coffee is to Europe. Every day large quantities were purchased in Ethiopia, wrapped up in large banana fronds, and delivered into the conference room by waiters in white tails.

Put on hold

■ Feelers are being put out to find an occupant for one of the City's more accident-prone jobs – the chairmanship of financial services group Guinness Mahon Holdings. Ex-Schroders man Geoffrey Bell has been doing the job since November 1987 and is keen to return to his New York firm.

The affable Bell is the latest in a long line of chairmen – ranging from the prickly Sir Alastair Morton and the politically astute Edmund Dell to the interfering Lord Kissin – who have found that the job is trickier than it looks. The group is now Japanese-owned, has been recapitalised yet again, and a reinvigorated management team is trying once more to prove that it has a worthwhile role.

One intriguing suggestion is that British Nuclear Fuels' chairman, John Guinness, the former civil servant masterminding electricity privatisation, might be offerred the job. He is, after all, a descendant of the founding family.

Another possibility would be Anthony Loehnis, 56, the former Bank of England director responsible for international matters. After a surprisingly short stint as a vice-chairman of merchant bankers SG Warburg, Loehnis has decamped to Jacob Rothschild's empire, where he has been given a directorship at J Rothschild International Assurance.

Of the two, Loehnis would seem the more obvious choice. An ex-diplomat and former personal assistant to Gordon Richardson during his Schroder days, Loehnis helped smooth the entry of Japanese firms into the gilt-edged market during his time at the Bank. But chairing a subsidiary of the Bank of Yokohama is not quite the same as being the London figurehead of the Bank of Tokyo.

The X factor

■ Positively Observer's last Dan Quayle joke. Returning from a screening of Malcolm X, the vice-president, much taken by the portrayal of the black civil rights leader, bounces up to George Bush. "Hey, why don't we have a national holiday in honor of Malcolm the tenth . . . ?" he enthuses.

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Italy to build largest ever cruise liner

By Haig Simonian in Milan

THE largest cruise liner could be plying the seas within less than four years following an agreement yesterday on a contract estimated to be worth over $400m between Fincantieri, the Italian state-owned shipbuilding group, and Carnival Cruises of the US.

The new vessel, to be built by Fincantieri at its Monfalcone yard near Trieste, will weigh around 95,000 gross registered tonnes. That is over 20,000 grt more than the "Sovereign of the Seas", currently the world's biggest cruise liner, operated by Royal Caribbean Cruises, and over 10,000 grt more than the Queen Elizabeth, which capsized in Hong Kong harbour in 1972.

With 1,300 cabins and space for around 4,400 passengers and crew, the new vessel will also be the most expensive of its kind ever built and could inaugurate a family of new "jumbo" luxury passenger liners.

The contract confirms Fincantieri's position among leading cruise ship builders. Though still heavily lossmaking, the company has since the mid-1980s exploited growing demand for large luxury liners, principally in the US, to develop an important new line of business.

The new vessel, yet to be named, will be powered by six GMT-Sulzer diesel electric engines, a Fincantieri official said.

Carnival Cruises, which is listed on the New York Stock Exchange, is the world's biggest cruise line in terms of passengers carried. The group, which operates 18 ships, mainly in the Caribbean and Alaska, has tried to break away from the staid image of cruise holidays with entertainment-orientated vessels with names such as "Sensation" and "Fantasy".

French inflation drops to 36 year low of 2%

By William Dawkins in Paris

FRANCE'S inflation rate fell to 2 per cent last year, the lowest rate of price increase for 36 years, and well below the forecasts made by the government.

Insee, the state statistics agency, said yesterday the improvement, which compares with inflation of 3.1 per cent in 1991, leaves the French rate 1.8 percentage points below Germany's. This is the biggest inflation rate advantage over Germany since the 1940s and leaves France with one of the lowest inflation rates of countries in the European Monetary System.

This will reinforce the French government's view that there is no economic reason to devalue the franc against the D-Mark.

Prices were stable in December for the second month running, as a fall in food and oil prices was wiped out by higher costs in other sectors.

Economic analysts yesterday predicted that monthly inflation would pick up again to stabilise at around 2 per cent a year for the rest of this year.

Mr Michel Sapin, finance minister, said hourly wages grew by 1.5 per cent in real terms last year, thanks to low consumer price inflation, representing the biggest rise in purchasing power since 1982. Including bonuses, real wages grew by 3.5 per cent last year.

Earlier, the government confirmed that rising unemployment payments and falling tax revenues would cost an additional FFr20bn ($3.7bn) in the social security budget.

This brings to FFr36bn the amount of extra budget spending announced over the past week, increasing the likelihood that France will overshoot its FFr165bn budget deficit target for 1993.

Paribas, the French investment bank, forecasts a conservative FFr270bn deficit this year, equivalent to 3.7 per cent of gross domestic product, while Mr Edouard Balladur, former RPR finance minister, who has emerged as the Gaullists' leading policy spokesman, fears it could rise above FFr300bn.

This is well over the 3 per cent of GDP set as one of the criteria for European monetary union.

● However, most leading European economies are expected to produce even larger deficits than France this year. Mr Sapin yesterday warned speculators that they would be making a "big mistake" if they thought France's monetary policy would change in the coming months, adds Peter Norman in Frankfurt.

Speaking at a dinner of the G7 Council, a private think-tank that brings together policymakers from the industrial countries, Mr Sapin said that Franco-German co-operation in defence of the French franc was unflinching and operating under the best of conditions.

He said that the monetary authorities of both countries had reaffirmed their support for the franc-Mark parity. "I can assure you that they will take other measures should it prove necessary," he said.

"Franco-German co-operation is very close, it will grow deeper in the coming period; you will soon once again see some tangible signs of it," he added.

Radovan Karadzic at Geneva talks where he reversed his decision

UK nuclear plant would cost £70m to shut down

By Bronwen Maddox, Environment Correspondent in London

BRITISH Nuclear Fuel's Thorp reprocessing plant at Sellafield would cost about £70m to decommission even if it never began operation, says an unpublished BNFL report to the government.

Several thousand tonnes of radioactive fuel sent early to Thorp by overseas customers have already contaminated storage ponds at the controversial Cumbrian plant which has taken nearly 10 years and cost £2.8bn ($4.3bn) to build.

The report by consultants Touche Ross was sent to the Department of Trade and Industry last month. It says failure to open Thorp would lose the UK between £150m and £200m a year in overseas revenues for the next 10 years. The report is the basis of BNFL's claim that a sound economic case exists for the plant.

The DTI, together with the Department of the Environment and the Foreign Office, is debating whether the plant should be allowed to start operating.

Since Thorp was originally approved, the economic, environmental and political reasons for reprocessing "spent" or used nuclear fuel have changed.

The report's financial models, which BNFL has refused to publish but which have been seen by the Financial Times, were criticised yesterday by economists for underestimating the costs of running and decommissioning Thorp and putting too much weight on projections of overseas revenue, mainly from Japan and Germany.

Mr William Walker, a senior fellow at the Science Policy Research Unit at Sussex University and co-author of a report two years ago criticising the economic case for Thorp, said: "The problem with models like this is that it is extremely difficult to predict what the actual costs of cancellation would be."

He added: "I think there is a significant risk that Thorp will not run at full capacity . . . because of the problem of shipping the reprocessed waste back to overseas customers".

BNFL said yesterday: "We cannot comment on details of the Touche Ross report but we have always maintained that Thorp represents an excellent piece of business for the UK and for BNFL."

Trouble in store, Page 6

THE LEX COLUMN

Whisky sours

However much Guinness protests that its rationalisation is prompted by internal efficiency considerations, it is clearly a sign of excess capacity in the whisky market. Bulk prices weakened in the second half of 1992, and expectations of other distillers' profits are falling. Perhaps the only consolation is that conditions are not as bad as in the early 1980s. Prices, though, may remain soft for some time, particularly at the commodity end of the market, and there will be knock-on effects to Guinness' premium products.

So it is unfortunate Guinness' efficiency measures will not bear substantial fruit until 1995. Worldwide recession is curbing consumption of spirits and slowing the drift to upmarket brands, dulling Guinness' profits growth. Even when recession lifts, low inflation may limit the ability of distillers to raise their margins as they did in the 1980s. The glamour of whisky may just be souring slightly.

Yet despite the immediate below-average earnings outlook, Guinness' strong market position and capable management can justify its rating in line with the market, so the risks are limited. Equally, the tactic of waiting until late in the day to squeeze the provision into last year's figures should at least ensure the charge is quickly forgotten.

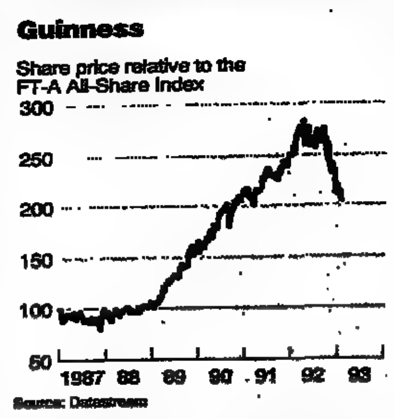
Guinness' cut in grain distilling capacity also casts an interesting sidelight on another drinks fight. Invergordon's grain distillery attracted Whyte & MacKay's interest in 1991. The softness of the whisky market might be expected to deter a bid, but, with reduced capacity in the industry, Whyte may be tempted to exploit the weakness and return with a lower renewed lower bid later in the year. The Invergordon board could then have missed the best price.

UK economy

After two months of worryingly sharp rises, December's producer price figures show that the upward pressures on industry's raw material costs appear to be abating. With fingers firmly crossed, the Treasury cites this as evidence that sterling's depreciation has done its worst to input prices.

Doubters will retort that the full effects of devaluation take time to materialise, but the crucial question will be how soon the recent spurt in industry's input costs feeds through at the factory gate. This seems likely to be a slow, if inexorable, process. Yesterday's figures on output prices show

FT-SE Index: 2757.9 (-15.5)



the pressure is not yet that great. Slowing labour cost increases may be helping to stall the inflationary impetus. In addition, although recent CBI surveys suggest companies are itching to raise prices to restore margins, they will find it hard to do so while demand remains weak. This must cast further doubts over the prospects for improved corporate profitability.

The good news is that the chancellor appears for a while at least to have a certain amount of leeway in contemplating further interest rate cuts. He may find the going harder in the summer if UK inflation is picking up and his targets are under threat. With the Bundesbank cutting rates by than he would need determination to take an opposite line.

Italy

The odds seem stacked against Italy's privatisation programme raising much enthusiasm abroad. On a gloomy view of the cycle, the government has chosen a poor time to offer up its industrial assets. The complexity of the state holding companies and the restructuring required to knock them into shape hardly promise a smooth transition to the private sector. Since the government soaks up the lion's share of domestic savings, attracting overseas investors could be more than a matter of convenience. All the more reason for the government not to shirk the issue of majority control. Concern over the treatment of minority shareholders extends beyond Italy. Few investors would want a minority stake in any company viewed as strategically important by government. But the experience of creditors to Efim, the state holding company put into voluntary liquidation last July, has left the international financial community especially suspicious of the Italian public sector.

Outright trade sales of the smaller and juicier assets – such as ENI's mechanical engineering side – should go well enough. However, the jury is out on the next stage of the process until the government has declared a firm policy on golden share holdings and the like. If the government really wants international support, it must convince investors that it is after the wider benefits of privatisation rather than just the cash.

Commerzbank

It would be too much to expect a German bank to consider shareholders when launching a rights issue. That yesterday's DM500m Commerzbank offering includes no earnings forecast, though 1992 has closed, is about par for the course. One has to hope last year's figures contain no nasty surprises on provisions, despite the bank's large exposure to the likes of Russia, Olympia & York and Hafnia. Even so, the timing raises questions both about the urgency of the bank's need for capital and its perception of its share price.

Commerzbank has long been the least well capitalised of the big three German banks. After the issue it will have a tier one ratio of 4.5 per cent – too tight for comfort for the tougher version of Germany's new capital requirements. It does allow some latitude under the alternative – which Commerzbank has chosen – whereby a minimum tier one ratio of 4 per cent is acceptable at banks prepared to refrain from using valuation reserves to meet their tier two obligations.

Under this formula the need for capital was present but less urgent, so the bank seems to have picked its moment carefully. Commerzbank's shares have climbed some 12 per cent since last September's low. Perhaps the bank is hinting that they may not rise much further even when the Bundesbank starts cutting rates. By then recession will be hitting with a vengeance and, though banks are normally interest sensitive stocks, investor attention will turn to losses on domestic lending. Other banks will be in the same boat. Paradoxically Commerzbank may not be the worst affected. It is already on a low rating and has been boosting its operating return. The rest have yet to disappoint.

UK minister warns of 'electronic smog'

By Clive Cookson, Science Editor, in London

"ELECTROMAGNETIC pollution" can kill, a UK industry minister warned yesterday.

Mr Edward Leigh, trade and technology minister, spoke of accidents caused by radiation leaking from electrical and communications equipment – and interfering with sensitive electronic components. Launching a campaign to help companies satisfy a new European Community directive on "electromagnetic compatibility", Mr Leigh spelled out a catalogue of recent disasters caused by interference:

● A UK worker died when a computer-controlled crane dropped its load prematurely;

● In Japan, robots went out of control and killed two human operators in a robotics factory;

● In Germany, anti-lock brakes suddenly came into operation on cars speeding along an autobahn as a result of a powerful radio transmitter five miles away.

Mr Leigh said the EC directive was intended both to remove technical trade barriers and as an environmental measure to combat "electronic smog". Every electrical and electronics manufacturer will have to ensure that its products meet strict limits on electromagnetic interference.

The complex rules become mandatory in January 1996. For the next three years, as the electronics and communications industries continue to grow, European governments are hoping that voluntary compliance will prevent the electronic smog becoming any more dense.

Saddam continues to taunt allies

Continued from Page 1

House spokesman, repeated that the Iraqis would get no further warnings. "They cannot continue to violate UN resolutions and there is a clear pattern to the violation, whether it is missiles or these raids into warehouses, or other actions they have taken. It remains to be seen what may come of that but, as we said, there will be no warnings."

Mr Bob Hall, a Pentagon spokesman, added that the US had the ability to take action, if called upon to do so.

Iraq appeared unimpressed by the latest volley of warnings, which included strong statements from Russia and Japan.

Mr Nizar Hamdoon, the Iraqi ambassador to the UN, said he did not see any threat of military action being taken against his country. Newspapers in Baghdad added that western military forces would not deter Iraq from challenging the restrictions imposed by the allies.

The two no-fly zones were created by the allies in the aftermath of the Gulf war. The zone north of the 36th parallel was set up in 1991 to protect the Kurdish population. It was followed last August by one south of the 32nd parallel designed to give the Shia population some relief against attacks by Baghdad forces trying to quell the remnants of the 1991 rebellion.

Kuwait, whose armed forces fled when Iraq invaded in August 1990, revealed yesterday that its troops were ready to repel any outright Iraqi attack.

Sheik Ali Sabah al-Salem al-Sabah, the defence minister, told the national assembly that defence lines were capable of stopping any sudden assault.

World Weather

		°C	°F
Ajaccio	S	16	69
Algiers	S	17	63
Amsterdam	S	7	45
Athens	S	[illegible]	57
Bahrain	R	17	63
Bangkok	F	34	93
Barcelona	S	15	59
Beijing	S	-2	28
Beirut		–	–
Belfast	F	1	34
Belgrade	S	12	54
Berlin	R	3	37
Biarritz	F	13	55
Bombay	S	28	82
Bordeaux	R	12	54
Boulogne	S	8	46
Brussels	S	7	45
Budapest	F	10	50
Buenos Aires	F	32	90
Cairo	F	15	59
Cape Town		–	–
Caracas	C	28	82
Casablanca †	S	16	61
Chicago †	C	-2	28
Cologne	C	6	43
Copenhagen	S	5	41
Corfu	F	[illegible]	54
Dallas †	Dr	7	45
Dublin	F	2	36
Dubrovnik	S	13	55
Edinburgh	C	3	37
Faro	S	16	61
Florence	S	15	[illegible]
Frankfurt	C	8	46
Geneva	F	13	55
Gibraltar	S	17	63
Glasgow	C	3	37
Helsinki	Sn	1	34
Hong Kong	C	18	64
Innsbruck	F	5	41
Inverness	Sl	3	37
Islamabad	F	14	[illegible]
Istanbul	S	7	45
Jakarta	R	32	90
Johannesburg		–	–
Lisbon	C	16	61
London	F	5	41
Los Angeles †	F	10	50
Luxembourg	C	5	41
Madeira	S	18	64
Madrid	C	4	39
Majorca	S	15	59
Malaga	S	18	64
Malta	S	16	61
Manila	C	31	88
Melbourne	F	18	64
Mexico City	F	25	77
Miami †	S	24	75
Milan	Dr	8	[illegible]
Montreal †	C	-14	7
Moscow	R	3	37
Munich	F	18	64
Nairobi		–	–
Naples	F	15	59
Nassau	F	29	84
New Delhi	F	18	64
New York †	R	[illegible]	36
Nice	S	14	57
Nicosia	S	15	59
Oporto	C	15	59
Oslo	S	2	36
Paris	F	9	48
Prague	F	14	57
Reykjavik	F	-4	25
Rhodes	S	13	55
Rio de Janeiro	C	37	99
Rome	S	16	61
Salzburg	F	[illegible]	[illegible]
S'Francisco †	F	6	43
Seoul	S	2	36
Singapore	F	30	86
Stockholm	C	2	36
Strasbourg	R	7	45
Sydney	F	23	73
Taipei	C	21	70
Tangier	C	15	59
Tel Aviv	C	11	52
Tenerife	S	19	66
Tokyo	F	11	52
Toronto †	C	-7	19
Tunis	S	17	63
Valencia	S	17	63
Venice	Fg	6	43
Vienna	C	5	41
Warsaw	R	6	43
Washington †	R	2	36
Zurich	R	15	59

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

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FINANCIAL TIMES
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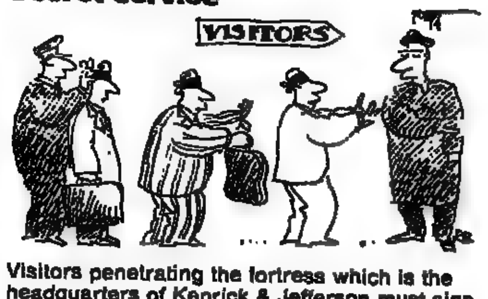
INSIDE

Volksbank names chief executive

Swiss Volksbank, the object of an agreed SFr1.5bn ($1.04bn) share exchange takeover bid by CS Holding, the parent company of Credit Suisse, has appointed Mr Kurt Widmer, until now a member of the executive board of Credit Suisse, as its chief executive. *The move* follows the sudden resignation of Mr Walter Rüegg after the takeover was announced last Wednesday. Page 14

Secret service



Visitors penetrating the fortress which is the headquarters of Kenrick & Jefferson must sign a declaration of secrecy. Kenrick pits its skill against the counterfeiter, adding special inks, holograms, magnetic stripes and so on to the special papers used in items like building society pass books, passports and labelling packages for the freight business. Page 19

Clinton's man on the farm

Mr Mike Espy (left), the *presidential nominee* for the US agriculture secretaryship, is one of the new breed of Clinton Democrats, an articulate moderate, who straddles the centre on the Democratic party's ideological spectrum and promotes catfish farming as *readily as grains*, rice and cotton. His nomination – as the first black agriculture secretary in more than a century – was greeted with glee on the left, which considers the *department he will head as one of the most racist* in the government. Page 20

Tel Aviv pauses for breath

After a breathtaking year in 1992, investors on *the Tel Aviv Stock Exchange may have to settle for more modest gains* in 1993. But there is still some confidence in the market that the graph will continue to point upwards this year. A potent combination made it an outstanding performer in 1992, *outstripping markets in North* America, Europe and Asia. Back Page

Commerzbank issue revealed

Commerzbank, the smallest of Germany's big *three commercial banks*, yesterday unveiled the details of its long-awaited rights issue, its first since 1986. The bank said it would be offering one new share for every 11 held at a price of DM200 per share. Page 14

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Schmalbach Lub	322	+	5
Varta	290	+	14
Volkswagen Prf	220	+	5.5
Falls			
Henkel Prf	547	–	6
Leifheit	359	–	6
Philip Kornraum	550	–	20

NEW YORK ($)

Rises			
IBM	49 1/8	+	1 3/8
Paramount	43	+	1/8
Falls			
Chrysler	34 7/8	–	1 1/2
General Motors	34 1/8	–	1/8
Marcam	21 3/4	–	5 1/4
Revlon	7 1/2	–	1 1/2

New York prices at 12:30.

PARIS (FFr)

Rises			
Fonc Lyonnaise	580	+	14
Navigation Mixte	813	+	38
UFB Locabail	210	+	5
Falls			
Bouygues	540	–	24
Elf Aquitaine	331.7	–	9.3
Seb SA	334.9	–	13.2

TOKYO (Yen)

Rises			
Iwatsu Electric	347	+	27
Juel Verite Ohk	775	+	65
Nihon Parker	750	+	59
Sagami	738	+	90
Falls			
Chugai Mining	145	–	10
Shiseido	320	–	25

LONDON (Pence)

Rises			
ABI Leisure	68	+	7
AcornComputer	62	+	7 1/2
AlliedLeisure	57	+	4
Arts & Lacy	163	+	11
Baxrose	313	+	15
Burndene Invs	355	+	110
Dawsongroup	152	+	10
Hi-Tec Sports	38	+	7
Hunterprint	55	+	5
Lucas Inds	144	+	6
Rainers	13	+	1 1/4
Shaftesbury	45	+	6
Simon Eng	121	+	11
Falls			
BM Group	61	–	12
BPB Inds	187	–	13
BritAerospace	176	–	9
Dalepak Foods	317	–	66
Flextech	75	–	18
Forte	187	–	6
Guinness	473	–	21
Hammerson A	253	–	12
Herring Baker	93	–	5
Howden	63	–	4
Union Discount	85	–	4

Philip Rawstorne reports on cost-cutting and modernisation at the drinks group

Guinness to cut 700 jobs in whisky output

GUINNESS, the brewing and spirits group, is to cut 700 jobs in its United Distillers' Scotch whisky production operations as part of a cost-cutting and modernisation programme.

The group, which employs 5,000 in Scotland, will close five distilleries – a move that will help to restore the balance between the industry's output and estimated demand in the 1990s – and three bottling plants.

Mr Tony Greener, Guinness chairman and chief executive, said £100m ($154m) would be invested over the next three years in modernising production facilities. "The investment in new technology requires significant reorganisation to achieve *improved productivity, efficiency* and profitability," he said.

Trade union officials described the decision as "devastating". Senior shop stewards, who claim job losses are likely *to be more* than 800, are to meet in Glasgow tomorrow. Mr Bob Thomson, Scottish secretary of the GMB union, said: "We will be demanding a meeting with the Guinness board to reverse the decision."

The distilleries to be closed are the Cambus grain whisky distillery near Alloa, and the malt *whisky operations at Pittyvaich* and Balmenach on Speyside, Rosebank *near* Falkirk, and Bladnoch, near Wigtown. More than 140 jobs will go at Cambus and 40 *jobs at the four malt distilleries*.

Guinness will continue to operate two grain distilleries at Cameronbridge and Port Dundas, and 26 malt distilleries, including Blair Atholl, Cardhu, Dalwhinnie and Talisker. Packaging activities at Perth, Broxburn and Leith near Edinburgh, will be transferred to Glasgow, Kilmarnock *and Leven with a loss of 530 jobs*.

Efforts will be made to minimise the impact of the job cuts through voluntary redundancy and early retirement. Exceptional *operating costs of £125m*, covering the redundancies, closures and reorganisation, will be charged in the 1992 accounts.

Guinness also announced that it plans *to accelerate* reorganisation at its Cruzcampo brewing operations in Spain to improve productivity. The programme is expected to include further job losses. Though the group has increased its market share, the Spanish beer market, previously one of the fastest-growing in Europe, fell 5 per cent last year and a doubling of the excise duty on beer is expected to depress consumption this year.

Lex, Page 12

LVMH reduces forecast to FFr3bn

By Alice Rawsthorn in Paris

THE news of the Guinness restructuring came as a blow to LVMH, the French luxury goods group chaired by Mr Bernard Arnault which is one of Guinness' biggest shareholders.

LVMH, which owns some of France's most famous brand names such as Moët et Chandon champagne and Louis Vuitton luggage as well as a 24 per cent stake in Guinness, is already struggling in the sluggish luxury goods market. It warned in October that both net profits and sales *would be static* in 1992 – at FFr3.7bn ($680m) and FFr22bn respectively – but yesterday cut its estimate to FFr3bn.

A year ago it seemed poised for a robust recovery from 1991, when it was badly affected by *the Gulf war. Analysts expected* a sharp increase in net profits to as much as FFr4.4bn for 1992.

Those optimistic forecasts fell steadily throughout the year as the problems posed by the US recession were aggravated by the *economic instability of Japan* and the European slowdown. By the final quarter of 1992 the group's prospects were clouded by the relative strength of the French franc *after the September* currency crisis and by the threat of a Franco-US trade war.

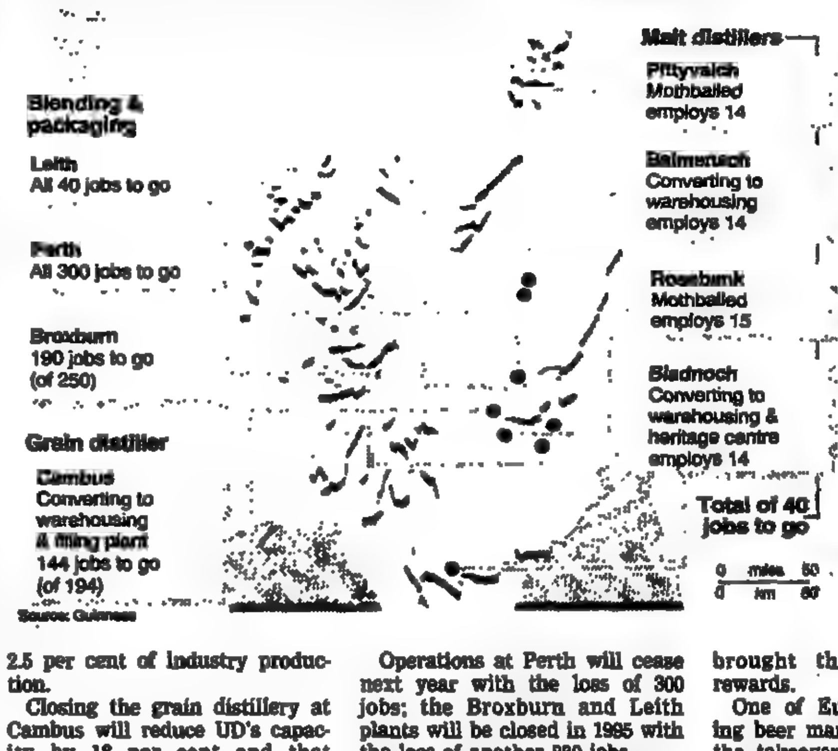
LVMH said yesterday that its own interests showed a slight decline in 1993, when the downturn in wine and spirits offset growth from perfume and luggage. It is confident of an improvement in 1993.

Mr Régis Aubert, analyst at Cholet Dupont in Paris, said: "It will still be a difficult year, but it's too soon to judge how difficult."

Cutting the intake of Scotch whisky

SINCE Guinness bought Distillers *in 1986, writes Philip* Rawstorne, it has devoted much of its energy to reorganising the distribution and marketing of Scotch whisky. With great success.

Guinness makes changes in Scotland



Source: Guinness

Tony Greener: chairman

Brands such as Johnnie Walker, Dewar's, White Horse and Haig, which represent 35 per cent of the Scotch whisky market, have been pushed up-market with redesigned packaging, new-look advertising and hefty price increases.

Guinness's whisky arm, United Distillers, now handles the distribution of more than 90 per cent *of its products compared to 20* per cent six years ago. Profits have more than doubled as a result from £357m to £749m.($1.1bn).

Now, though, with the industry worrying about a return of the 1970s' whisky glut, Guinness is switching its management emphasis to rationalising production.

Yesterday Mr Tony Greener, Guinness chairman and chief executive, announced 700 job cuts, the closure of five Scottish distilleries, and £100m of investment in modernising whisky *production facilities in the next* three years.

Overall world production of Scotch grew slightly last year, but demand fell in the UK and in *other important markets such as* the US and Japan.

Mr Alan Gray, industry analyst at Charterhouse Tilney, the securities house, estimates that the industry cut production of malt whisky last year by 15 per cent and reduced grain whisky output by 3-5 per cent.

"I believe further cuts are needed this year – probably 10-12 per cent in malt and 7.5 per cent in grain – *to restore the* balance between supply and demand in 1994," he says.

The closure of UD's four malt distilleries – at Pittyvaich, Balmenach, Rosebank and Bladnoch – will take out about 9 per cent of United Distillers' capacity and 2.5 per cent of industry production.

Closing the grain distillery at Cambus will reduce UD's capac*ity by 18 per cent and that* of the industry by about 7 per cent.

The group's growth has slowed dramatically in the past 12 months under the impact of recession, leading several analysts to suggest that progress from now on would be more pedestrian.

While it remains committed to its marketing strategy, adverse trading conditions have increased the pressure on the group to cut costs – not least to free more resources for its expensive marketing programme.

Together with the distillery closures and their conversion into warehouses or museums, bottling and packaging operations are to be concentrated in three centres – *Glasgow, Kilmarnock* and Leven – reducing the group's bottling lines from 100 to 68.

Operations at Perth will cease next year with the loss of 300 jobs; the Broxburn and Leith plants will be closed in 1995 with *the loss of another 330 jobs*.

Efforts will be made to minimise the impact of unemployment through voluntary redundancy, early retirement and natural employment *turnover*.

Mr Greener said: "The investment in new technology requires significant reorganisation to achieve improved productivity, efficiency and profitability. These moves will further equip us to take advantages of the opportunities through the 1990s and beyond."

While yesterday's announcement focused on the Scotch *whisky industry, Guinness also* took steps to accelerate productivity improvements in its Cruz Campo brewing operations in Spain.

The £533m acquisition of Cruz Campo in 1990, followed by that of Union Cervecera, has not brought the expected rapid rewards.

One of Europe's fastest-growing beer markets at the time of *the takeover, Spanish consumption* declined 5 per cent last year in spite of tourist attractions such as the Olympic Games and Expo 92. A recent doubling of the *excise tax* on beer, increasing the retail price by about 20 per cent, is expected to depress demand further.

Cruz Campo, since the integration of Union Cervecera, *has* increased its market share from 21 per cent to 28 per cent, but regards further productivity improvements as urgent.

Though one brewery has been closed, further rationalisation of *production has been restricted by* the costs of distributing beer from centralised plants. The group plans to accelerate the reduction of people employed at *its nine breweries but seems* unlikely to close any of the plants.

Fall in foreign purchases in Tokyo

By Robert Thomson in Tokyo

INTERNATIONAL investors reduced their net purchases of Japanese securities last year by 85 per cent to Y841bn ($6.8bn) against a background of steep declines for Japan's three main stock markets, the Tokyo Stock Exchange said yesterday.

The fall in purchases on the three *largest exchanges*, Tokyo, Osaka, and Nagoya, came in spite of government attempts to steady the markets in August, when the Nikkei stock average in Tokyo fell to a *low* for the year of 14,309.41.

The government emergency package in August included a promise to invest more public funds in stocks. This is reflected in the relatively steady level of net purchases by Japanese banks during the year which at Y1,120bn was only slightly lower than the Y1,273bn of 1991.

That figure includes public funds invested *through* trust banks, and disguises the selling by banks attempting to streamline their strategic holdings in corporate customers. It is known *that banks have sold some cross-holdings*, while industrial companies have sold stakes in banks which were not their main bank.

The Tokyo Stock Exchange, in its annual survey of trading on the three exchanges, said non-financial companies were net sellers of stocks worth Y905.8bn, compared to sales of Y1,861.9bn in 1991. Both figures are a sharp turnround from net purchases of stocks, on the TSE first section alone, of Y776bn in 1990.

Investment trusts, which sold a net Y1,515.6bn of securities in 1991, slowed their disposals last year to Y4.3bn net.

The net sales of individual investors also slowed, falling from Y2,531bn to Y117bn last year. The 26.4 per cent fall in the *Nikkei average last year* left many individuals with unrealised losses on their stock portfolios, prompting them to sit on the shares until prices improve.

However, *life* and non-life insurance companies, whose net purchases totalled Y234.8bn in 1991, posted net sales of Y64.6bn last year, while securities houses trading on their own account sold Y561bn in stocks, after net *purchases of* Y62.7bn in 1991.

There was increased selling last year when the Tokyo average rose above 18,000 after the announcement of the August *package, suggesting many investors* are looking to offload stocks as soon as possible.

KIO move to sell Ebro stake runs into difficulties

By Tom Burns in Madrid

A MOVE by the Kuwait Investment Office to sell its con*trolling stake in the* profitable domestic food company Ebro ran into difficulties yesterday when Mr Javier de la Rosa, the KIO's former chief Spanish executive, threatened *to block the deal*.

Mr de la Rosa, who owns 12 per cent of Ebro and is at the centre of a lawsuit over the KIO's troubled investment in Spain, issued a writ *claiming he had the right* to buy the 36 per cent stake in Ebro.

Grupo Torras, the KIO's Spanish holding company which applied for *receivership* last month claiming debts of $1.5bn and losses of $4bn, has awarded the mandate to sell its Ebro stake to Credit Suisse First Boston and hopes to realise more than $340m from its disposal.

A spokesman for Mr de la Rosa said the Barcelona-based financier had obtained a written agreement from Torras in April last year for a first option on its stake in the food company.

Mr de la Rosa, who was the architect of the Ebro stake, severed his links with the KIO *last May when* new management took over at the KIO's London headquarters and at Torras.

Torras said "de la Rosa's writ cannot be considered legal". *According to Torras, Mr de la* Rosa's right over the stake was agreed between him and Mr Jorge Nunez, then Torras's managing director. The agreement *came days before* both men severed links with the KIO, Torras claimed.

Last Friday, Torras initiated criminal proceedings against Mr *de la Rosa and six other former* Torras and KIO executives, including Mr Nunez, alleging that they had committed financial irregularities which had involved Torras in losses of more than $860m.

Most of Torras's shareholding in Ebro is pledged to creditor banks as collateral for outstanding loans.

The Torras equity is worth about $200m at market prices because Ebro's share value has been penalised by Torras's difficulties as well as the market depression. Independent analysts put the value of a controlling stake in Ebro at close to twice that amount.

It is not clear whether the Spanish government will allow Ebro to be acquired by a non-Spanish company. The company, the biggest food group in Spain, controls 54 per cent of the domestic sugar market and is held to be Europe's leading rice producer.

Agency seeks corporate capital

By Richard Lapper in London

MERRETT Group, one of the largest agencies at the Lloyd's insurance market, yesterday announced the launch of a company to reinsure exclusively business underwritten by its nine syndicates.

The deal which involves JP *Morgan, the US bank*, Marsh McLennan, the world's biggest insurance broker, and other international investors, is the first step taken by any agency to attract corporate capital to the Lloyd's market, in the wake of recommendations *last* year by the Rowland task force.

Merrett Group itself will have no stake in Underwriters Capital (Merrett), which will be Bermuda-based, but Mr Dennis Purkiss, chief executive, insisted that the company represents a "a new source of capital" for the group.

Morgan and Marsh will each invest $7m in Underwriters which will count initially with $70m in capital.

The new company will provide *quota share* reinsurance – reinsuring a certain percentage of risks underwritten by Merrett syndicates in return for the same percentage of the premium – for a minimum five-year period.

Many Lloyd's agencies are examining ways *to attract outside* capital, in the wake of the decline in the number of Names at the market – the individuals whose assets back the market's underwriting – and Mr Purkiss predicted that the deal could be the first of a number at Lloyd's adding: "There is not much doubt that Morgan and Marsh McLennan will use it as a blueprint."

Some syndicates have already take advantage of new new rules introduced by Lloyd's last year *which allow them to make* greater use of quota share reinsurance deals, but Merrett is the first agency to have negotiated arrangements of this type.

Both Marsh and Morgan have won a reputation for sponsoring innovative insurance deals. They launched another reinsurance *company, Mid-Ocean, with capital* of $350m, last November, and have also co-operated in other Bermudan ventures. The island's low taxes and gentle regulatory environment make it an attractive location for "offshore" reinsurance companies.

Swiss Volksbank appoints new chief executive

By Ian Rodger in Zurich

SWISS VOLKSBANK, the object of an agreed SFr1.5bn ($1.04bn) share exchange takeover bid by CS Holding, the parent company of Credit Suisse, has appointed Mr Kurt Widmer, until now a member of the executive board of Credit Suisse, as its chief executive.

The move follows the sudden resignation of Mr Walter Rüegg after the takeover was announced last Wednesday.

Mr Rüegg said then that he supported the takeover, because the future of Volksbank as an independent bank looked bleak.

However, since he had committed himself to trying to keep Volksbank independent, he felt he should resign and make way for a Credit Suisse appointee.

Mr Widmer, who is 57, has been responsible for Credit Suisse's commercial business in eastern and southern regions of Switzerland and in Austria.

Mr Gerhard Gastpar, formerly head of Credit Suisse's Basle region, will also join the Volksbank executive board.

Credit Suisse is to publish details of its offer, which is on the basis of three of its registered shares for every SFr500 of Volksbank capital, early in February.

Volksbank aims to convert itself from a co-operative to a joint stock company in March prior to completion of the takeover.

The takeover will make CS Holding the largest banking group in Switzerland in terms of assets, surpassing the current leader, Union Bank of Switzerland.

● Lindt & Sprüngli, the Swiss confectionery group, said its sales in 1992 rose 8.5 per cent to SFr1.18bn, in spite of difficult economic conditions in its main European markets.

Italy keeps tougher watchdog on a leash

Haig Simonian in Milan reports on the belated and controversial move to stricter financial supervision

BY pushing privatisation harder than all its predecessors combined, Italy's new government has raised the profile of Consob, the country's companies and stock market watchdog, beyond all previous expectations.

Much of the privatisation programme, which received broad parliamentary approval last month, involves the stock market. The government is keen to promote popular capitalism by encouraging Italians to buy shares.

Even when disposals look set to take place via auctions or tenders, rather than flotations, Consob has been forced to take a stand when the companies on the block are quoted.

Based in Rome, the agency, chaired by Mr Enzo Berlanda, had its first taste of battle late last year after suspending the shares of a number of public-sector companies following conflicting reports about their fates.

More discreetly, it has investigated sharp price movements which have in some cases taken place ahead of market-sensitive information on privatisation.

Consob showed signs of having sharper teeth even before the arrival of the government's ambitious privatisation drive. The change stemmed from new legislation, which has belatedly brought Italian bourse rules closer in line with tougher regulations in many other western markets and personal factors at Consob.

Laws reforming share trading through the creation of the societa di intermediazione mobiliare (Sim), Italy's new breed of securities dealing and fund management hybrids, have been the main impetus behind the change.

Consob is responsible, with the Bank of Italy, for policing a much tougher stock market rulebook than was previously applied. Strict disclosure requirements for the Sims have created greater transparency, while the more exacting capital adequacy standards now operating have eliminated some marginal players from the business.

New laws banning insider trading and setting out rules for takeover bids have further boosted Consob's role. It now looks more closely for erratic or inexplicable price movements, which could result from the illegal use of privileged information.

Last year's introduction of a highly complex takeover code, based on individual trigger levels for when companies should be subject to a full bid from potential raiders, further raised Consob's role and responsibilities.

Consob has also been boosted by the removal of barriers to the free movement of capital within the European Community, which has increased the role of regulators across the EC. Harmonisation of national regulations on financial services means new Italian regulations have had to be shaped with Brussels in mind.

Personalities have helped. The agency's more interventionist approach has been influenced by an increase in its resources and the arrival of more forceful and, some say, better informed staff.

None more so than Mr Berlanda, who took over the chairmanship in March from his predecessor Mr Bruno Pazzi. A former politician and senator for 13 years for the northern city of Bergamo, Mr Berlanda was deputy chairman, then chairman, of the senate's finance committee.

It was there a number of the reforms, now laws being policed by Consob, were drawn up. Mr Berlanda gained additional experience of the complex links between financial markets through the committee's work on various banking scandals, including the affairs of Mr Michele Sindona, the Mafia-linked financier, and the unauthorised loans to Iraq by the Atlanta branch of Banca Nazionale del Lavoro.

For critics of Italian equities, the reforms have come not a day too soon. Only slowly is the Milan bourse shaking off its reputation for unreliability, poor transparency and even the occasional bankruptcy of a financial intermediary.

However, Italy's belated move to tougher rules and stronger supervision has brought considerable controversy. Nowhere is this more so than with the Sims law, which has triggered a chorus of complaints from foreign financial institutions, which claim it discriminates in favour of Italian competitors.

The objections, echoed in various European capitals, as well as Washington, have brought Italy into conflict with the European Commission. In a clash building up through 1992, the Commission's competition directorate, then headed by Sir Leon Brittan, argued the Sims law contravened the Treaty of Rome on free competition.

The Commission has issued a formal procedure against the Italians, who have so far failed to amend the Sims law as required. It remains to be seen whether the new Commissioner taking over from Sir Leon will push the dispute up to the European Court of Justice, or whether the Italian government will be prepared to show greater flexibility.

Insider trading rules and the new takeover code have also brought their critics, although in both cases from within Italy, rather than abroad. Some brokers argue the insider rules are too broad to be effective, yet are also too legalistic, in preventing Consob from acting independently.

Even writing newspaper articles based on "privileged" information could put the author and source at risk. Yet Consob lacks the legal powers to investigate suspected insider traders in its own right.

Once it is has adequate evidence, Consob must pass on its findings to local magistrates. However, the snail's pace of Italian justice and the fact that most prosecutors are probably unfamiliar with the intricacies of financial markets makes the chances of convictions extremely slim, critics say.

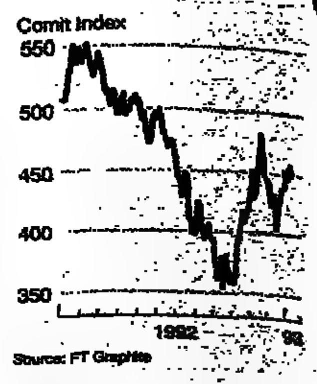
Mr Berlanda admits the new takeover code is flawed. "We've seen that those countries which have the most complex takeover laws are in the biggest difficulties, while those with the simplest rules tend to function best," he says. "By setting individual trigger levels for what constitute controlling stakes in Italian quoted companies, Consob has created a set of rules which are so complex as to be almost incomprehensible," agrees one analyst.

Meanwhile, plans to boost Consob further by improving its financial resources are at an early stage. Hopes for more staff, particularly for its Milan-based markets division, could be thwarted by government spending cuts.

However, new laws to boost popular share ownership, due to be approved by the cabinet this week, could also contain measures to secure independent funding for Consob.

Failing such action, many fear it still lacks the muscle adequately to police its new powers.

Italy



Source: FT Graphite

French home products groups forge alliance

By Alice Rawsthorn in Paris

CONSOLIDATION of the French retail sector continued yesterday with the announcement of an alliance between Domaxel and Sémaphor, two leading home products retailing groups.

Domaxel is a group of independent French retailers involved in the do-it-yourself and household products market which owns 533 stores under the names Bricosphère, Maison Conseil and Bricofrance.

Sémaphor is another group of independents with 108 stores, including Jardin Facile and Planète Verte, mainly specialising in garden products.

The two groups have signed an agreement whereby they will merge, on a commercial basis, for two years.

The agreement does not include any exchange of equity between them.

Domaxel sees the deal as a way into the buoyant garden products market. It plans to open garden products departments in a number of its own stores.

Sémaphor, the smaller of the two companies with annual sales of FFr500m ($92.6m) to Domaxel's FFr6.8bn, needed to join forces with a larger player to continue its expansion.

The alliance is the latest in a series of deals in the French retail sector.

The home products sector has been one of the main areas of consolidation following the Pinault group's purchase of the Conforama furniture chain in 1991 and its subsequent takeover of the Au Printemps store group, together with a number of mergers in the hypermarkets sector.

German retailer plans hive-off

By David Waller in Frankfurt

ASKO DEUTSCHE Kaufhaus, the German retail group which is majority-owned by the Swiss-based Metro group, is planning to hive off four of its operating subsidiaries through partial stock market flotations, the company's chief executive said yesterday.

Mr Klaus Wiegandt, speaking at the first press conference since Germany's Federal Cartel Office gave approval to Metro to proceed with the Metro purchase at the end of November, said the plan was to reduce the group's debt by DM1.5bn ($920m) from its level of about DM4.5bn over the course of the year.

This would be achieved through a mixture of outright sales, rationalisations and partial flotations. The first subsidiary to be floated is to be the Praktiker DIY business. Mr Wiegandt said that Morgan Grenfell, the merchant bank subsidiary of Deutsche Bank, was working on a plan to float 25 per cent of the company.

The other subsidiaries to be spun-off in this way are: Adler, which includes the group's fashion and textile businesses; its Ungar and Roller furniture chains grouped under a company called Möbel; and Deutsche SB-Kauf, which will include the SB supermarket chain. The Massa supermarket chain, another Asko subsidiary, is publicly-quoted.

Asko's parent company lost DM269m in 1991 after a profit of DM106m in 1990; sales this year are expected to be in the region of DM20bn. The high debt balances reflect a series of acquisitions in the late 1980s, culminating with the purchase of Co-op in 1989. Analysts said the company would have to sell off at least one large stake, possibly its holding in the AVA supermarket chain.

The fusion of Asko with the privately-owned Metro will create one of the world's largest retailers, with combined sales approaching DM70bn. Mr Erwin Conradi, Metro's Düsseldorf-based chief executive, said that the acquisition was motivated by the need to strengthen both companies' food-retailing business. Mr Conradi said that the companies' combined turnover in this sector would be DM23bn-DM24bn, making the group the sixth largest retailer in this sector.

Hafslund wins FDA approval

By Karen Fossli in Oslo

HAFSLUND NYCOMED, the Norwegian pharmaceuticals group best-known for x-ray imaging products, has received approval from the US Food and Drug Administration for a new product used in magnetic resonance imaging of the central nervous system.

Hafslund A shares yesterday closed up NKr3 at NKr146 and B shares rose NKr7 to NKr159.

The FDA approval represents a breakthrough for Hafsland's Omniscan, which it described as the second most important product developed by the group.

Hafslund said Omniscan would provide continued revenue growth.

Commerzbank unveils details of rights issue

By David Waller

COMMERZBANK, the smallest of Germany's big three commercial banks, yesterday unveiled the details of its long-awaited rights issue.

This will be Commerzbank's first rights issue since 1986.

The bank said it would be offering one new share for every 11 held at a price of DM200 per share.

Yesterday, the company's shares responded by falling DM1.9 on the Frankfurt bourse to close at DM241.10.

The rights issue – which is likely to raise DM500m ($314.4m) cash for the bank – has been expected since last May when shareholders gave Commerzbank the right to raise nominal capital by DM400m.

The rights issue is worth a nominal DM125m, or 2.5m new shares.

In spite of strong growth in profits last year, the bank has lower capital ratios than its competitors.

Analysts said yesterday that this issue would take core equity capital above the threshold set for new capital adequacy ratios which took effect at the beginning of the year.

Total equity capital of the bank will be DM9.7bn after the issue.

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Kodak stock up sharply on outside appointment

By Martin Dickson in New York

SHARES in Eastman Kodak, the photographic products company with a lacklustre earnings record, rose sharply yesterday following news that it had appointed a chief financial officer from outside the group with a reputation for turning around poorly-performing businesses.

He is Mr Christopher Steffen, 50, who resigned before Christmas as chief financial officer of Honeywell, the controls business. He will succeed Mr Paul Smith, 57, who retired last month.

Honeywell's stock fell substantially on his departure, while Kodak's soared $3.25 to $45 on Wednesday following his appointment. It rose a further $2¼ to $47¼ in heavy morning trading yesterday as Wall Street analysts raised their ratings and earning estimates for the group.

This is the first time in two decades Kodak has gone outside the company to fill a senior executive position, and analysts took this as a sign it will start taking a more aggressive approach to its difficulties.

The group has suffered for years from stagnant demand in its core photographic products business, while diversification into new fields, notably its $5.1bn 1988 takeover of Sterling Drug, has failed to give revenues and earnings a sustained lift. The company has taken six restructuring charges in the past seven years.

However, under Mr Kay Whitmore, chairman since 1990, Kodak has started demonstrating a more urgent pace of change in recent months.

In November it announced plans to sell three non-core businesses, including its Atex computer systems operation, as part of a scheme to divest 10 operations. The company has declined to comment on market rumours that it may be preparing a substantial round of job cuts.

Mr Steffen, who joined Honeywell in 1989, is credited with playing a significant role alongside Mr James Renier, the chairman, in improving that company's performance. He had previously worked in senior positions at Chrysler, the car manufacturer. He will start at Kodak on February 8.

Mr Alex Henderson, an analyst with Prudential Securities, said he had raised his earnings estimate for the company in 1993 from $3.65 a share to $3.85, and in 1994 from $4.10 to $4.40. Analysts forecasts for 1993 are currently pitched around $3.85.

Mellon Bank net profits soar 56%

By Alan Friedman

MELLON BANK of Pittsburgh reported a 56 per cent jump in its full-year 1992 net profits, to $437m. Earnings per share for 1992 were $6.96, against $4.66 in 1991. Fourth-quarter net income was 46 per cent higher at $105m, or $1.62 a share, against $1.11 in 1991.

Mr Frank Cahouet, chairman and chief executive, said the bank's credit quality improved during 1992, a year that saw the acquisition of The Boston Company and 27 branches from Meritor, the former savings bank.

The fourth quarter saw 17 per cent higher net interest income of $301m and a 21 per cent rise in fee income to $228m. Bad debt provisions were $35m, against $75m in the same quarter of 1991. For 1992, Mellon's bad debt provisions were $185m, against $250m.

Chrysler global offer plan prompts slide in shares

By Martin Dickson

SHARES in Chrysler, the financially-stretched US car manufacturer, dipped yesterday morning in reaction to its plan to bolster its balance sheet by raising some $1.4bn through an international offering of 40m new shares. Chrysler announced the share issue after the New York Stock Exchange closed on Monday night.

It wants to take advantage of its buoyant share price, which has more than trebled since the start of 1992, thanks to a line of new products which has won widespread praise on Wall Street and an enthusiastic response from consumers.

The new shares will mean a 14 per cent addition to the 295m Chrysler shares outstanding, so the company's stock dropped $1½ in morning trading yesterday to stand at $34⅞ at midday.

However, the issue was welcomed by the leading US credit rating agencies, Moody's and Standard and Poor's, which both upgraded the company's debt, citing both the new equity and Chrysler's more competitive product range. However, Chrysler's debt still ranks below the investment grade rating given to the most financially-secure companies.

Chrysler's last share issue was in the autumn of 1991, when it raised $354m through a sale of 35m shares.

Chrysler's ability to sell shares contrasts with its position three years ago, when it was in such strained financial health heading into a severe US recession, that analysts questioned if it could survive as an independent company.

It has bounced back thanks to its new products, a re-organisation of the way it makes cars, a strenuous attack on costs across the group and the disposal of peripheral interests.

However, the company's finances remained stretched. Chrysler said last night the new shares were part of a plan to strengthen its financial condition, increase its liquidity and add to its equity base.

Analysts said that without new equity the company had looked unlikely to generate sufficient cash from operations during the current upswing in the business cycle to meet two ambitions. Firstly, to cut its unfunded pension liabilities, which stand at around $4bn, by around $2bn, and to build up a $5bn cash reserve which will enable it to keep funding its product development programme – expected to total $17.3bn over the next five years – even if the market turns down again.

Shearson in corporate redesign

By Our New York Staff

SHEARSON Lehman, the investment banking and brokerage arm of American Express, will redesign its management and corporate structure, including the creation of an Office of the Chairman.

The new office will be run by Mr Howard Clark, Shearson's chairman and chief executive officer and by two new co-presidents and co-chief operating officers – Mr Richard Fuld and Mr J. Tomilson Hill, who remain joint heads of Lehman Brothers, the investment banking unit.

The three executives will be responsible for managing the parent group's three operations: Lehman Brothers, the Shearson Lehman Brothers retail brokerage operation, and the SLB Asset Management division, which currently controls about $52bn in customer assets.

Record earnings at Fannie Mae

By Patrick Harverson in New York

THE Federal National Mortgage Association (Fannie Mae) yesterday reported record fourth-quarter and full-year earnings for 1992, and forecast the US residential property market would rebound strongly during 1993.

The company, which is the largest mortgage provider in the US, reported net income of $436.4m for the final quarter of 1992, the 20th consecutive record-breaking quarter for the company.

In the corresponding three-month period of 1991, Fannie Mae earned $361m.

The latest results meant Fannie Mae's 1992 profits reached a record $1.62bn, up 19 per cent on the $1.363bn earned in the previous year.

Mr James Johnson, Fannie Mae's chairman, said 1992 had been an "exceptional" year for the company, but added 1993 should be even better, forecasting that it would be the strongest year for home sales since 1978.

A number of factors were behind Fannie Mae's earnings last year, including a big increase in the size of the company's net mortgage portfolio, which jumped 23 per cent to $156bn, and a 20 per cent increase in the balance of outstanding mortgage-backed securities (MBS) to $445bn.

During the year, Fannie Mae issued a record $194bn of MBS, almost double the previous year's total.

The company was also helped by record fees from sales of Remics (real estate mortgage investment conduits), which reached $87m and by its long-standing practice of issuing callable debt, which boosted earnings at a time when portfolio liquidations were running high.

Net interest income for the year was $2.05bn, up 16 per cent from 1991, despite the fact that Fannie Mae's net interest margin fell from 142 basis points in 1991 to 137 basis points, primarily because of a big increase in short-term investment balances.

Provisions set aside for losses were $320m last year, down from $370m in 1991 because of accounting changes. Charge-offs to the company's allowance for loan losses rose 29 per cent to $244m – the result of the growth in MBS and portfolio balances and weak economies in California and New England.

Paramount doubles net income

By Alan Friedman in New York

A STRONG recovery in movie and television profits helped Paramount Communications, the publishing, entertainment and theme parks group, to achieve a 21.7 per cent rise in its net income, to $101.4m, in the fourth quarter of its fiscal year, ended October 31.

For the whole of Paramount's fiscal 1992, net earnings were more than doubled – from $122.2m to $261.4m. Earnings per share for the full year were $2.19, against $1.03 last time.

The company stressed yesterday that while it expected earnings momentum to continue in fiscal 1993, comparisons with its exceptional motion picture results in the early part of last year would prove to be unfavourable.

Last year's earnings, struck on $4.26bn of total revenues, up from $3.9bn, benefited from substantial operating income from box office successes such as Wayne's World, The Addams Family and Star Trek VI. Paramount said that it also had a sharp improvement operating income from television programming.

Results from theatre operations declined, while Madison Square Garden did better in 1992 thanks to proceeds from The New York Knickerbockers basketball team as well as income from last July's Democratic National Convention.

The publishing division, which includes Simon and Schuster, turned in operating income of $182m, against $156.2m in 1991.

Although a breakdown was not supplied, Paramount also said results were sharply higher in the business and professional publishing sector, primarily due to contributions from Prentice Hall Computer Publishing, acquired in November 1991.

Last summer, Paramount signalled plans to diversify its holdings when it agreed to pay $400m to buy a string of US theme parks.

In November, the company named Ms Sherry Lansing to be chairman of the motion picture studio in Hollywood; she replaced Mr Brandon Tartikoff, who resigned citing family obligations.

On Wall Street, Paramount's share price stood at $43, a $⅛ increase, before the close.

MR Rupert Murdoch has recruited Mr Les Hinton, a long-time executive of News Corporation, as chairman and chief executive of Fox Television Stations, the US network.

Mr Hinton, who will also oversee Fox News, is a former editor of The Star, a US tabloid magazine.

Since 1991, he has run News America Publishing, which publishes both TV Guide and the Boston Herald.

Mr Hinton will be flanked by Mr Van Gordon Sauter, president of Fox News, and Mr Mitchell Stern, who was named president of Fox Television Stations.

AT&T steps up dispute with MCI

AMERICAN Telephone & Telegraph has broadened its technology patents dispute with MCI Communications by filing a patent infringement suit against the rival telecommunications company, writes Louise Kehoe in San Francisco.

The AT&T suit follows MCI's earlier action seeking a court ruling that certain AT&T patents were not enforceable.

AT&T is seeking royalties and damages for MCI's allegedly unauthorised use of patented technologies over the past five years, as well as prospective future use.

MCI announced an alliance with Stentor, the Canadian telecommunications consortium, in November. AT&T informed MCI and Stentor their proposed use of MCI's intelligent network technology in Canada would infringe upon AT&T patents.

Zenith chief executive in surprise move to Digital

By Alan Cane

MR Enrico Pesatori, formerly president and chief executive of Zenith Data Systems, is taking charge of the personal computer division of Digital Equipment Corporation.

The move reflects an abrupt change of culture at the US minicomputer maker as it fights to return to profitable growth.

He will be replaced at Zenith by Mr Jacques Noels, president of Nokia Consumer Electronics of Finland.

Mr Pesatori, 52, has been at Zenith for the past two years, joining after its acquisition by Groupe Bull of France. An accomplished technologist, he is widely credited with having refocused Zenith's product line and creating partnership deals, including an agreement with IBM through which the US computer group is marketing Zenith's portable computers.

His move to Digital comes as a surprise; it is understood he was made a tempting offer to become general manager of DEC's personal computer business unit.

Mr Robert Palmer, Digital's newly-appointed chief executive, said Mr Pesatori would be responsible for establishing Digital as a "growing and profitable force in the world PC market".

To date, Digital has been comparatively unsuccessful in PCs. It came into the market late with uncompetitive products and has only recently started to recover lost ground.

Mr Palmer's appointment of an outsider to such an important position would have been unlikely under his predecessor, Mr Kenneth Olsen, and is an indication of a sea change at Digital.

Last week, Mr Palmer appointed Mr John Klein, an IBM employee of 25 years' standing, to head Digital's consumer business unit.

Beijing serves up red-hot chips

Simon Holberton on Citic's HK$11.6bn asset shuffle to Hong Kong

WHETHER or not you believe some brokers' talk about Citic Pacific being the "hong of the future", there is no getting around the fact that the Hong Kong-listed subsidiary of Beijing's most important investment vehicle is the reddest of "red chip" stocks listed in Hong Kong.

Last Thursday, Citic Hong Kong injected a 12 per cent stake in Hongkong Telecom, together with a controlling interest in two mainland power stations and a 20 per cent share of a Hong Kong chemical waste management plant into its 45 per cent-owned Citic Pacific.

The HK$11.6bn (US$1.5bn) deal – financed by a HK$7.1bn placement and HK$3.7bn in loan facilities – should see Citic Pacific's ranking in the colony's top 100 companies rise from 22nd place to around 10th.

The deal has met with general approval. The sale of the stake in Hongkong Telecom was done at HK$7.8 a share – a near 20 per cent discount to Hongkong Telecom's prevailing share price of HK$9.70 at the time.

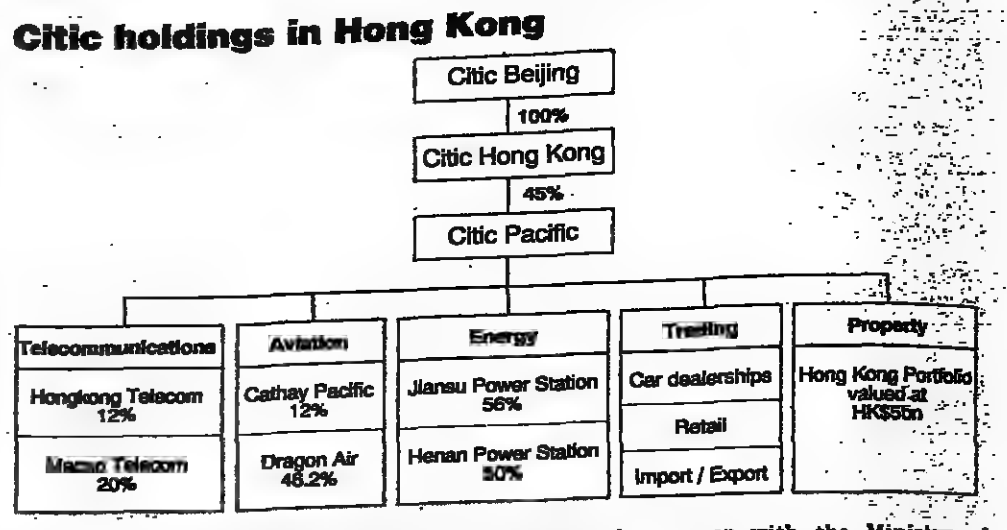
This has ensured that the acquisition for Citic Pacific will be broadly neutral in terms of its earnings per share and makes good a promise by Citic Hong Kong that any sale it makes to its listed subsidiary will not put minority shareholders at a disadvantage.

But last week's transaction has raised some questions in the Hong Kong market as to the deal's timing and the impact the acquisitions will have on Citic Pacific's desire to be seen as a manager and operator of businesses rather than just a passive investor in blue chip stocks. Along with Hongkong Telecom, it also owns 12 per cent of Cathay Pacific, nearly half of Dragon Air, and 20 per cent of Macao's telecommunications monopoly.

Citic Pacific is an unusual company by most western standards. It is the listed subsidiary of China International Trust and Investment Corporation – the first green shoot of China's economic revolution initiated by Deng Xiaoping in 1978 and arguably the most important western-style company in China today. Citic's chairman, Mr Rong Yiren, is also the father of Mr Larry Yung, the head of Citic's operations in Hong Kong.

The Beijing parent's main aim is to assist in the modernisation of the Chinese economy through investment primarily internationally which will lead to the transfer of technology and management know-how to China. Citic Hong Kong, and its listed vehicle, Citic Pacific, has a different role.

Citic holdings in Hong Kong



As Mr Yung explains: "Citic Hong Kong is different from Citic Beijing. The main difference is independence. I can invest in China: I have the power, the money and the people."

Mr Yung has deployed these enviable resources with the aim of building up Citic Hong Kong and Pacific into a conglomerate that is arguably the most exposed of any leading company in Hong Kong to the Chinese market.

He believes that, in some quarters, last week's transaction was misunderstood. As to timing, he maintains the moment was propitious because of the relative performance of both Hongkong Telecom and Citic Pacific in the wake of the stock market's reaction to the row between the UK and China over democracy in Hong Kong.

He also scoffs at any suggestion that his superior connections in Beijing gave him any foreknowledge of destabilising rows to some. "If the future held no hope, why do a new issue? Citic Hong Kong has increased its stake in Citic Pacific and I also personally subscribed to 30m shares," he says.

More seriously, he suggests that the question of the company's focus is largely based on ignorance. Firstly, Citic Pacific is not a passive investor. Its purchase of Cathay Pacific led, he claims, to the creation of Dragon Air – a Citic/Cathay joint venture which services mainland air routes out of Hong Kong and some regional destinations.

Mr Yung agrees that Hongkong Telecom is likely to account for around 40 per cent of Citic's market capitalisation and around 30 per cent of profits in a full year. But the relationship with Cathay shows that new businesses can be created. If China were to relax its rules on foreign participation in its domestic telecommunications market then Citic/Hongkong Telecom would be well placed to exploit it, he said.

Larry Yung: 'I have the power, the money and the people'

In Hong Kong, the company most associated with privately-owned power generation in China is Gordon Wu's Hopewell Holdings. Citic Hong Kong's transfer of its interest in two power stations in China – one in Henan province, the other in Jiangsu province – may lead to a re-evaluation of that view.

Mr Yung – who from 1964 until 1978 worked as an engineer with the Ministry of Water and Power – believes that Citic's capabilities in power generation are unparalleled in China. It has 46 executives – six in Hong Kong and 40 in its Beijing office – working on power plants in China.

"As [China's] minister of water and power told me, it is a star team. Our engineers, construction people and plant managers are the best in China. Many are previous class mates of mine and my former bosses."

Citic Pacific acquired the interests in the two power stations at cost. It will pay HK$530m for 56 per cent of the Jiangsu Ligang power station – located in Wuxi, Mr Yung's ancestral home town – and HK$360m for 50 per cent of the Xinli power station in Henan province. Both are expected to come on stream this year.

Ownership of these facilities lasts for 15 years, at which time they are transferred to the state. But Citic Pacific has the right to participate in future expansion plans which envisage the doubling in size of both facilities and would give it a further 15-year interest.

Citic Hong Kong is currently negotiating with the Shanghai authorities to build in Pudong four 300MW coal-fired units as the first stage of a 3,200MW facility.

Mr Yung is also keen to point out that through Da Chong Hong, a trading company it acquired a year ago, he has expanded car sales to China and is expanding its retail activities as well. With this sort of involvement in China, Mr Yung can be forgiven for feeling aggrieved by the accusation that Citic is just a corporate rentier.

Black's bid to raise Fairfax stake is delayed

By Kevin Brown in Sydney

THE Australian government yesterday deferred for 90 days a decision on whether to allow Mr Conrad Black's UK Daily Telegraph group to increase its stake in the Fairfax newspaper chain from 14.33 per cent to 25 per cent.

The deferral means the government may not have to rule on the politically-sensitive application until after the next federal election, which is likely to be called within three months.

The application is believed to have support from some ministers, although it is unclear whether Mr John Dawkins, the federal treasurer, is sympathetic to Mr Black's claim that Fairfax requires a strong main shareholder.

There is strong opposition in the ruling Labor party's parliamentary caucus to any relaxation of the existing foreign investment guidelines, which limit overseas ownership of newspapers to 20 per cent.

The guidelines were imposed by the caucus before the sale of Fairfax to a consortium led by the Telegraph in December 1991. Hellman & Friedman, the US investment bank, owns 5 per cent of Fairfax.

Mr Dawkins is expected to produce a report to the federal Cabinet arguing that ministers should put their collective weight behind a request to the caucus to relax the rules. But Mr Neil O'Keefe, chairman of the caucus transport and communications committee, said the government would have difficulty in winning backbench support. "There certainly would be substantial opposition to it," he said.

Mr Barry Jones, federal president of the Labor party, urged Mr Dawkins to take into account the "broader issue" of the need to reduce the concentration of media ownership in Australia.

Fairfax, which publishes the Sydney Morning Herald, The (Melbourne) Age and the Australian Financial Review, is responsible for about 20 per cent of daily newspaper circulation. About 70 per cent is controlled by Mr Rupert Murdoch's News Corporation.

C&N's Thai tiger devours its parent

Victor Mallet discovers how the construction group was taken over by its far-eastern subsidiary

NOTHING illustrates the dynamism of Asian companies compared with their European counterparts as clearly as the recent reverse takeover of Copenhagen-based Christiani & Nielsen, the construction and engineering group, by its Thai subsidiary for the equivalent of $80m.

Founded in 1904 by a civil engineer and a captain in the Danish navy, C&N has long been a name to conjure with in the international construction industry; the company pioneered the use of reinforced concrete at the beginning of the century and went on to develop other innovative techniques,, including immersed tube tunnels.

C&N carried out projects in 70 countries and, at its peak, had 35,000 employees. "They were really the golden years, the late 1970s and early 1980s," says Mr John Millard, the group's chief executive and managing director.

Today, the C&N group employs only about 5,000 people, of whom 4,500 are in Thailand.

Disaster struck the rest of the company in 1986 and 1987, when currency chaos in South America devalued the group's substantial assets there and eight big projects around the world all went wrong at the same time, Mr Millard said.

In 1987, Mr Arne Groes, a Danish property developer, stepped in and bought the company's A shares, which meant control of C&N passed from the Christiani family. But Mr Groes had a stroke two years ago, leaving the company in the hands of an attorney who was not allowed to move assets freely within the group.

Wholly-owned subsidiaries in the UK and Germany were therefore in a "corset", according to Mr Millard. C&N Ltd, the UK company, is expected to report a loss for 1992, while the Hamburg-based German company and C&N A/S, the Danish parent, have been barely breaking even.

Mr Millard, a Briton who joined the group in 1985 and was asked in 1988 "to look after a project called Canary Wharf", says the £40m ($61m) of foundations for the project's waterside buildings sharply increased C&N Ltd's turnover and virtually saved the group. "We did get paid," he said.

CHRISTIANI AND NIELSEN (THAI)

	Sales †	Net profit (loss) †
1987	229	4
1988	289	(11)
1989	954	32
1990	1,194	49
1991	2,428	104
1992*	2,650	350

† Baht million * Estimate
Source: Christiani & Nielsen (Thai)

The situation in Thailand could not have been more different from the troubles in Europe. With the economy growing at an average 10 per cent a year since 1987, C&N (Thai), or CNT, has prospered and outgrown its European parent. Turnover and profits have risen more than tenfold in five years. It was listed on the local stock exchange in 1991.

"From there on, it has really gone from strength to strength in Thailand," says Mr Millard. The order book is worth $270m and the company is active on Thailand's eastern seaboard, the focus of new industrial investment.

"We saw a situation where the assets, human and practical, of the European companies were being stifled," he says, "whereas this [Thai] company was in rather a strong position to release those restraints and put their resources to profitable use."

Stockbrokers say CNT was worried that anyone smart enough to see the value of the Danish parent's 42 per cent stake in the Thai unit might launch a takeover bid. So CNT made its own offer for the parent company in September, when the C&N A/S share price in Copenhagen reflected only just over half the value of its CNT stake.

The outcome of negotiations with Mr Groes's attorney is that CNT is buying the A shares, representing control, but only 25 per cent of the capital, for DKr260 ($43.3) per share.

Holders of B shares were offered DKr130, more than double the price at which the shares were suspended in Copenhagen. And CNT effectively bought 42 per cent of itself for Bt108 ($4.2) per share, against the Thai suspension price of Bt129. When trading in the shares resumed in Bangkok, the shares were being bid at Bt141, but have since risen to above Bt170.

To reduce the crossholding to an acceptable 10 per cent, existing CNT shareholders, the largest of which is Thailand's Crown Property Bureau, will be offered 32 per cent of CNT at Bt108 per share in a rights issue without dilution.

With 98 per cent of CNN A/S shares already secured, CNT has succeeded in keeping the internationally known Christiani & Nielsen name and can make plans to inject life into the group's European operations from the new headquarters in Bangkok.

C&N Ltd, the UK company, is expected to carry out design and construction for a $200m joint venture in northern China. "The UK company is in need of profitable work," says Mr Millard. "We can redirect those resources."

This does not mean C&N is abandoning Europe, Mr Millard emphasises. These days, however, it is the Thai company which is calling the shots.

INTERNATIONAL CAPITAL MARKETS

Grupo Carso plans to test investors with $350m issue

By Sara Webb

GRUPO Carso, the Mexican holding company with interests ranging from tobacco to telecommunications, is preparing to raise about $350m with an international equity offering.

INTERNATIONAL EQUITY ISSUES

The deal will prove an important test of investor appetite for Mexican shares after several companies were forced to abandon plans for equity offerings in the summer due to market conditions.

Grupo Carso, a listed company, has stakes in several Mexican companies, including Cigatam, which manufactures and sells cigarettes, Condumex, which makes wires and cables, Nacobre, which makes copper and alloy products, and Sanborns, a retail store and restaurant group. It also owns 5.5 per cent of Telmex, the telecom group. Baring Brothers and Merrill Lynch will act as joint global co-ordinators.

Investment bankers expect the issue to be quite well received now that stock market conditions have stabilised. Last summer, several Mexican companies shelved plans for equity offerings following a steep fall in the Mexican stock market and weak demand for Mexican paper from international investors who had witnessed heavy losses on their Mexican investments.

Banamex – otherwise known as Banco Nacional de Mexico – was forced to abandon a $1.4bn international equity offering last June. Banamex, which is one of the leading banks in Mexico, was the first to test the water again with a convertible bond issue last month.

Demand for its convertible bond issue was very strong and the deal was increased from $350m to $565m, making it the largest convertible bond issue from an emerging market. Banamex issued seven-year subordinated exchangeable debentures which can be exchanged into shares in Banacci, the quoted Mexican holding company which owns Banamex.

Gemex, the biggest bottler of Pepsi-Cola in Mexico, raised $186.5m last month with an international equity offering, but Goldman Sachs, the global co-ordinator, said the international tranche was scaled back while the US tranche was increased in order to reflect investor demand.

Desc, an industrial conglomerate, is understood to be reconsidering tapping the international equity markets with a $250m offering.

Norwegian institution in novel $100m issue

By Karen Fossli in Oslo

EXPORTFINANS, Norway's export lending institution, has launched a $100m issue of preferred capital securities, a new commercial paper developed with Goldman Sachs, lead-manager of the issue.

Preferred capital securities are designed to allow access to tier one core capital. The issue, launched in the US, boosts Exportfinans' capital adequacy from 38 per cent to 46 per cent.

"For us the challenge was to find a structure acceptable to US authorities which would also qualify as tier one core capital as defined by Norway. It was also important for us to get a dollar element base," explained Ms Mai-Lill Ibsen, executive vice-president of Exportfinans.

Exportfinans is the first Nordic institution to use PCS to access regulatory capital in the international markets.

The issue, set to yield 8.70 per cent, closes tomorrow and is co-lead by Lehman Brothers, Morgan Stanley and Paine Webber.

Republic of Italy takes advantage of strong demand

By Brian Bollen

THE Republic of Italy took advantage of continuing strong international demand for the D-Mark by increasing the amount of its five-year Eurobond to DM5bn yesterday.

INTERNATIONAL BONDS

Investors were attracted by the high coupons available and the currency's strength, say bankers.

Italy, which priced the bonds near the bottom end of the indicated range at 47 basis points over German government bonds, increased the amount from DM4bn.

Professor Alberto Giovannini, an adviser to the Italian Treasury, said he was delighted with preliminary information on the geographic spread of investors. Italy wanted to attract international investors rather than rely on purely German demand.

Lead-manager Deutsche Bank, which took half of the paper on to its books, said it sold only one-third into Germany, and that there was particularly strong demand from UK institutions and central banks. The spread tightened to 45 to 46 basis points by the end of the day, it said.

The most recent nearly comparable sovereign borrowing was the DM3bn seven-year issue from the Republic of Finland, also rated AA+ by Standard & Poor's but one notch higher than Italy by Moody's, at AA2. Launched with a spread of 53 basis points, it was increased from the original DM2bn at a lower spread of 50 basis points. By yesterday, Finland's spread had widened again to 53 basis points, said traders.

Of the five-year issues by Finland, Sweden and the UK last autumn, only the UK's spread has widened while the others have narrowed. Traders say that in retrospect the UK's launch spread of 10 basis points was too tight for a DM5.5bn deal.

Deutsche Bank's active start to the year as a lead manager continued yesterday, with two other new issues in dollars and D-Marks. Set for pricing today is Crédit Foncier de France's DM1.5bn 10-year issue, also led by Deutsche Bank. The indicated spread is 20 basis points over German government bonds.

DG Bank described the DM100m 10-year reverse floating rate notes it led for Nordic Investment Bank as a speculative product targeted at retail investors who believe German interest rates are set to be cut. It offers a coupon of 10 per cent for the first year and 19½ per cent less two times six-month Libor thereafter. While some bankers say that the D-Mark market now needs time to absorb the recent heavy supply, others say there is no sign of indigestion yet.

In the dollar sector, Deutsche Bank admitted that KfW's $500m five-year issue was tightly priced at a launch spread of 18 basis points over comparable US Treasuries, but said a shortage of quality paper at that maturity helped the bonds sell well.

European Investment Bank's latest borrowing came in two tranches from S. G. Warburg Securities, one for $400m over three years, the other for $300m over seven years. Bankers thought it was wrong to give both the same spread of 15 basis points over Libor. Interest, they said, was much stronger in the three-year slice, which was fairly priced, than in the seven-year, which was seen as expensive.

Goldman Sachs said the spread on the Province of Ontario's $3bn 10-year global issue tightened to 72 basis points, after being set at 76, the bottom end of the indicated range. Goldman said that the deal was oversubscribed, and confirmed that demand for around 60 per cent of the paper came from the US market.

Yesterday saw the year's first batch of equity-related issues by Japanese borrowers this year, the biggest of which was for $180m over four years by Tokyo Construction Co. The cost of such issues is very low in yen terms, say bankers, and many more are planned in the Japanese domestic market and the Euromarkets to refinance the $75bn or so of warrant bonds arranged in the late 1980s and maturing this year.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Province of Ontario	3bn	7.375	99.693	Jan.2003	35/30bp	G.Sachs/ Salomon
KfW International Finance	500	6	[illegible].104	Feb.1998	25/15bp	Deutsche Bank London
European Investment Bank	400	5	99.619	Feb.1996	-/5bp	SG Warburg Securities
European Investment Bank	300	[illegible]	99.277	Feb.2000	30/5bp	SG Warburg Securities
Tokyo Construction Co.(a)♦	180	2.375	100	Jan.1997	2¼/1½%	Yamaichi Int.(Europe)
Nagoya Railroad Co.(b)♦	150	2.5	100	Jan.1997	2¼/1½%	Yamaichi Int.(Europe)
Seika Corp (a)♦	100	2.375	100	Feb.1997	2¼/1½%	Daiwa Europe
Tobu Store Co.(a)♦	85	2.375	100	Jan.1997	2¼/1½%	Nikko Europe
CML Group(c)§	50	5.5	100	Jan.2003	2½/1½%	Lehman Brothers Int.
D-MARKS						
Republic of Italy	5bn	7.25	101.75	Feb.1998	2/1¼%	Deutsche Bank
Nordic Investment Bank(d)‡	100	(d)	102	Feb.2003	2.15/1.35%	DG Bank
SWISS FRANCS						
Nippon Denwa Shisetsu(b)♦★	35	1.875	100	Jan.1997	1⅝/1⅛%	Yamaichi Bk.(Switz.)

Final terms and non-callable unless stated. ★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. a) Final terms fixed on 20/1/93. b) Final terms fixed on 19/1/93. c) Coupon payable semi-annually. Conversion price fixed at $30:78, a 21.98% premium. 1 year hard call, 2 year provisional call. d) Coupon pays 10% annual fixed in first year and 19½% - 2 × 6-month Libor thereafter

Further setback for gilts as Bank announces auction

By Tracy Corrigan in London and Patrick Harverson in New York

THE UK gilts market was dealt a further setback yesterday, when the Bank of England announced a gilt auction for January 27.

Despite the fact that the auction was widely anticipated, the market fell back on the news, ending about ¼ point lower. Dealers said that at recent auctions the margin by which bids have covered the gilts on offer had narrowed, exacerbating concern about the government's ability to meet its heavy funding needs.

GOVERNMENT BONDS

The amount and terms of the auction of stock maturing between 2005 and 2013 will be announced next Tuesday.

Supply remains the main focus for the gilts market, which continued to underperform other European bond markets yesterday.

However, prior to the auction news, the market had appeared more buoyant. The release of the December producer price index proved mildly positive for the market. The year-on-year rise of 3.5 per cent was broadly in line with inflation, while the 0.1 per increase in import prices in December was not as bad as had been feared.

"Inflation is not the problem at the moment. The market would rather see growth, even at cost of some inflation," as it advances the prospect of an easing in the government's funding needs, according to Mr Michael Burke, economist at Yamaichi International.

■ THE French market recovered some of Monday's losses in a largely technical rally, but the performance of the French bond market so far this year, widely tipped to be the strongest European market in the early 1993, remains rather disappointing. The spread between French government OAT and German bund yields is still above 90 basis points, defying expectations that it would narrow substantially.

Dealers say nervousness over the forthcoming election accounts for the underperformance of the market.

However, sentiment was slightly raised yesterday by news that in December inflation fell to 2 per cent year-on-year, and is widely expected to fall further. However, dealers said that good news on the inflation front would not be enough to support the market.

■ THE bund market ended virtually unchanged, with prices caught in a narrow range due to uncertainty over interest rate movements.

There was little comfort in news that average inflation for 1992 reached 4 per cent, the highest for 10 years, up from 3½ per cent in 1991.

■ THE pressure of fresh supply continued to depress US Treasury securities yesterday morning, with prices falling across the maturity range.

By midday, the benchmark 30-year government bond was down $\frac{1}{16}$ at 101$\frac{13}{32}$, yielding 7.469 per cent.

At the short end of the market, the two-year note was also lower, down $\frac{1}{16}$ at 100$\frac{3}{8}$, to yield 4.456 per cent.

Although dealers reported that the downward pressure from heavy issues of new corporate debt had eased somewhat from last week, prices remained restrained by supply concerns.

In addition, securities sold by the Province of Ontario and North Carolina Easter Municipal Power, which together totalled $4.6bn in new fixed-income debt, have come to the market, weakening seven-year and 10-year paper as dealers sold the Treasury securities to hedge against long corporate positions.

FT FIXED INTEREST INDICES

	Jan 12	Jan 11	Jan 8	Jan 7	Jan 6	Year ago	High *	Low *
Govt Secs (UK)	93.31	93.36	93.83	93.86	94.16	87.07	95.54	85.11
Fixed Interest	108.64	108.96	109.36	109.59	109.57	99.36	110.26	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928
* for 1992/93. Government Securities high since compilation 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Jan 11	Jan 8	Jan 7	Jan 6	Jan 5
Gilt Edged Bargains	100.1	95.2	100.0	107.6	104.7
5-Day average	102.2	99.2	99.4	92.0	70.7

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	108.3779	-0.205	9.00	8.97	8.79
BELGIUM		8.750	06/02	108.0000	-0.140	7.53	7.84	7.98
CANADA *		8.500	04/02	102.2500	-0.100	8.14	7.92	7.89
DENMARK		9.000	11/00	100.3700	+0.100	8.92	9.02	[illegible]
FRANCE	BTAN	8.500	03/97	101.9927	+0.034	7.90	8.10	[illegible]
	OAT	8.500	11/02	103.3550	+0.260	7.99	[illegible]	8.20
GERMANY		8.000	07/02	105.7800	-0.020	7.14	7.16	7.39
ITALY		12.000	05/02	93.8750	-0.095	13.68†	[illegible]	13.62
JAPAN	No 119	4.800	06/99	102.2634	+0.153	4.35	4.43	4.49
	No 145	5.500	03/02	108.9514	+0.310	4.43	4.51	4.60
NETHERLANDS		8.250	09/02	107.2700	-0.050	7.16	7.20	7.43
SPAIN		10.300	06/02	88.9250	+0.710	12.32	[illegible]	12.60
UK GILTS		10.000	11/96	109-02	+2/32	7.27	7.26	7.31
		9.750	08/02	108-13	-4/32	8.47	8.31	8.37
		[illegible]	10/08	101-15	-6/32	8.83	8.68	[illegible]
US TREASURY *		[illegible]	08/02	97-31	+13/32	6.67	6.69	6.76
		[illegible]	11/22	103-03	+8/32	7.45	7.34	7.44
ECU (French Govt)		8.500	03/02	100.8750	+0.355	8.36	8.64	8.83

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on January 12

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106	106½		4.98	ARBED 7 1/2 95 LFr	600	97½	98½		8.62
[illegible]						[illegible]					

Further sections of this table (DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, YEN STRAIGHTS, FLOATING RATE NOTES, CONVERTIBLE BONDS): [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
SNCF 6 3/4 00	20000	103½	104		[illegible]
SWEDEN 5 5/8 95	50000	110⅝	110⅞	+⅛	4.95
WORLD BANK 6 3/4 00	[illegible]				

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by International Securities Market Association.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	14	46	20
Other Fixed Interest	5	0	10
Commercial, Industrial	289	339	797
Financial & Property	140	138	517
Oil & Gas	11	21	53
Plantations	0	2	7
Mines	20	24	97
Others	37	46	36
Totals	516	616	1,537

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
§220	F.P.	–	264	203	Critchley Group	264	+4	L6.1	2.2	3.1	18.7
–	F.P.	–	105	103	For. & Col. PEP Inv Tst	105	+1	F3.38	–	4.3	–
100	F.P.	–	106	101	Hoare Govett Smlr Co's	106	+1	–	–	–	–
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-
35	Nil	18/1	3pm	3pm	♦Allied...	3pm	
[illegible]	Nil	5/2	1pm	½pm	Lowndes	½pm	
[illegible]	Nil	11/2	1½pm	½pm	Melville	½pm	
25	F.P.	1/3	16	14	Property Trust	15	-1
2	Nil	11/2	2½pm	½pm	♦Regal Hotel	1½pm	
[illegible]	Nil	15/3	17pm	14pm	♦Trio Holdings	14pm	

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. r Forecast or estimated annualised dividend rate, cover based on previous year's earnings. z Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Issued by way of rights. † Introduction. ‡ Placing price. †† Reintroduction. § Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Jan. 11
- Last Dealings Jan. 29
- Last Declarations April 15
- For settlement April 26

3-month call rate indications are shown in Saturday editions.
Calls in Acorn Computer, Alphameric, Brown & Jackson, Costain, Fairhaven Intl., Gardiner Grp., Hanson warrants, Marley, Next, Premier Cons., Sims Food and WPP. Put in Acorn Computer. Doubles in ASDA, Fairhaven Intl. and Premier Cons.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Lyons (*617)	600	27	47	59	6	16	33
	650	4½	22	35	35	45	62
ASDA (*65)	60	7	10	13	2	5	8
	70	2	7	10	7½	11	13
Brit. Airways (*268)	260	15	24	32	5	13	23
	280	5	16	[illegible]	15	23	34
SmKl Bchm A (*473)	475	14	–	–	11	–	–
	500	4½	19	23½	28	38	46
Boots (*492)	460	[illegible]	51	58	1	7½	17
	500	8	27	34	12	[illegible]	35
B.P. (*237)	220	20	24	30	1½	6½	10
	240	4½	12½	20	8	16	19
British Steel (*60)	60	3	7	10	3	6½	9
	70	1	4	6	11	13	15½
Bass (*592)	550	45	64	77	2	12	21
	600	10	33	47	20	32	42
C & Wire (*706)	700	20	44	60	[illegible]	27	42
	750	3½	21	38	47	57	72
[illegible]							
Sainsbury (*556)	550	16	36	47	6	22	32
	600	2½	14	26	45	51	60
Shell Trans. (*530)	500	34	38	[illegible]	1	11	17
	550	3½	18½	23	23	40	43
Storehouse (*204)	200	8	17	24	7	12	17
	220	3	9	16	21	24	30
Trafalgar (*85)	80	7	13	15	2	6	9
	90	2	7	12	7	10	14
Utd. Biscuits (*365)	360	11	24	29	6½	20	25
	390	3	10	16	30	39	44
Unilever (*1051)	1050	20	44	63	15	39	49
	1100	4	22	41	51	71	79

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit Aero (*175)	160	26	35	39	11	[illegible]	30
	180	17	26	32	21	33	40
BAA (*743)	700	59	77	85	6	15	25
[illegible]							
Barclays (*371)	360	32	39	45	[illegible]	[illegible]	38
	390	18	26	[illegible]	[illegible]	48	56
Blue Circle (*188)	180	25	25	39	12	20	27
	200	12	20	29	21	34	38
British Gas (*280)	280	14½	17	23	9	17½	21
	300	6½	9	14½	23	31	33
Dixons (*253)	240	25	35	39	12	17	25
	260	16	24	30	22	28	34
Eurotunnel (*345)	330	40	53	63	18	28	35
	360	23	38	50	35	43	52

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Glaxo	700	54	79	98	28	42	52
[illegible]							

EURO FT-SE INDEX (*2750) and FT-SE INDEX (*2750) option grids: [illegible]

PUTS								
Jan	½	1½	4	18	50	99	149	199
Feb	17	26	37	59	84	116	156	200
Mar	29	40	55	74	100	131	167	207
Apr	40	53	72	90	115	145	178	217
Jun †	57	–	88	–	125	–	190	–

January 12 Total Contracts 26,739
Calls 13,357 Puts 13,382
FT-SE Index Calls 5,545 Puts 5,384
Euro FT-SE Calls 271 Puts 40
*Underlying security price. † Long dated expiry months. Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Tue Jan 12	Day's change %	Mon Jan 11	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	127.76	+0.06	127.79	2.12	0.11
2	5-15 years (23)	145.05	-0.08	145.16	2.68	0.00
3	Over 15 years (8)	150.46	-0.11	150.63	2.22	0.00
4	Irredeemables (6)	169.91	-0.02	169.95	1.71	0.00
5	All stocks (61)	141.40	-0.03	141.49	2.45	0.04
	Index-Linked					
6	Up to 5 years (2)	183.15	-0.05	183.25	1.09	0.00
7	Over 5 years (11)	165.20	-0.11	165.39	0.63	0.31
8	All stocks (13)	166.43	-0.11	166.60	0.60	0.27
9	Debs & Loans (62)	123.85	+0.05	123.78	2.85	0.12

AVERAGE GROSS REDEMPTION YIELDS

			Tue Jan 12	Mon Jan 11	Year ago (approx.)
	British Government				
1	Low	5 years	7.11	7.09	8.90
2	Coupons	15 years	8.37	8.35	9.34
3	(0%-7¾%)	20 years	8.63	8.62	9.34
4	Medium	5 years	7.55	7.56	9.78
5	Coupons	15 years	8.81	8.79	9.43
6	(8%-10¾%)	20 years	9.00	8.98	9.36
7	High	5 years	7.78	7.78	9.90
8	Coupons	15 years	9.09	9.06	9.52
9	(11%-)	20 years	9.17	9.14	9.44
10	Irredeemables (Flat Yield)		8.95	8.95	9.56
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.75	2.72	4.02
12	Inflation rate 5%	Over 5 yrs.	3.86	3.85	4.33
13	Inflation rate 10%	Up to 5 yrs.	1.97	1.94	3.42
14	Inflation rate 10%	Over 5 yrs.	3.68	3.67	4.16
15	Debs &	5 years	8.90	8.91	11.10
16	Loans	15 years	9.88	9.88	10.93
17		25 years	10.05	10.05	10.75

COMPANY NEWS: UK

Dalepak warns of downturn

By Maggie Urry

SHARES OF Dalepak, the frozen foods and ready meals group, dropped 66p to 317p yesterday when it warned that difficult trading conditions and higher raw material prices would cut full-year profits.

Interim results, for the period to October 31, showed a fall from £1.7m to £1.6m at the pre-tax level, although sales rose 0.9 per cent to £21.4m and trading profits were unchanged at £1.7m.

Heavy capital expenditure, which will reach £3.6m in the year, increased interest charges from £15,000 to £125,000.

Mr Michael Abrahams, chairman, said the full year would show "a modest decline at the trading level" against last year's £4m. Analysts expected that higher interest charges would mean a larger decline in pre-tax profits, which were £3.9m in the previous year. Gearing would be about 40 per cent by the year end.

However, Mr Chris Ivory, chief executive, said that the year was hard to predict because the group's fourth quarter was usually the strongest trading period and this year the benefits of new capacity would begin to be seen as well.

He said sterling's fall had increased prices of imported meat by between 5 and 10 per cent, although vegetable prices had been more stable because of a glut of produce. About 70 per cent of Dalepak's raw materials are imported. Price increases were beginning to be made now.

Consumers traded down from Dalepak's frozen meat grillsteaks, while supermarkets pushed their own label products aggressively. Although Dalepak makes these too, margins are tight. Next month Dalepak is re-emphasising its brand with a new logo and packaging.

Earnings per share fell 8.2 per cent, from 10.13p to 9.3p, and the interim dividend is unchanged at 1.6p.

COMMENT

The share price fall may look alarming, but probably reflects earlier over-optimism rather than deep concern now. Since Mr Ivory joined in 1988 profits have risen strongly, but recession and the power of the supermarkets have caught up with Dalepak. Next year should see the benefits from the factory expansion – sales of frozen vegetable grills were held back by lack of capacity in the first half but a new line was installed over Christmas – and a lower level of spending, so profit growth should resume. This year pre-tax profits of £3.5m would give a p/e of about 15.5 times, still a little high.

NHL pays £0.75m to former directors

By John Gapper, Banking Correspondent

NATIONAL HOME Loans, the troubled centralised mortgage lender, yesterday disclosed that it paid £748,000 compensation to four board directors who left the company after the full extent of its difficulties became clear.

NHL disclosed the payment in its annual report.

Shareholders were told that it had agreed to pay only one year's salary to the directors involved, although their contracts provided for three years' compensation.

The company said the directors involved were Mr Kevin Milner, its former chief executive, Mr Anthony Moir, the former finance director, and Mr Christopher Slay and Mr Kenneth Lewis, formerly executive directors.

The company's annual meeting – from which journalists were excluded – was told that it was still trying to exchange two D-Mark bond issues worth a total of £120.1m. It had expected to complete the transaction last month.

Mr Jonathan Perry, executive chairman, said afterwards he now expected to complete the transactions putting back the date when the loans have to be repaid within six weeks. The company wants to make the loans due at the end of 1996.

In November, NHL announced a pre-tax loss of £146.4m, which cut its net assets to £11.2m. Because net assets fell below half shareholders' called-up share capital of £114.1m, the company had to call an extraordinary meeting.

The EGM, held yesterday after the AGM, resolved to allow the current management to continue with its strategy of trying to repay on-balance sheet debts of £700m, and improve the flow of income from its mortgage assets.

Mr Perry told the meeting that £120m of debt had been repaid since June. He also said the group had increased margins by passing on only 1.35 percentage points of a 3 percentage point base rate fall to mortgage borrowers.

Barbour Index shows 2% decline

By Paul Taylor

BARBOUR INDEX, the specialist information services group, yesterday reported a 2 per cent decline in half-year turnover, pre-tax profits and earnings per share, but is increasing its interim dividend.

Pre-tax profits in the six months to October 31 slipped to £2.71m (£2.78m) on turnover of £7m (£7.17m), reflecting the depressed state of its primary market, professionals in the construction industry.

Earnings per share at 10.9p were down from 11.1p, but the interim dividend is increased to 2.55p (2.4p) "in view of the company's financial strength and our confidence in the future," said Mr Patrick Barbour, chairman.

The balance sheet remained strong with net cash increasing by £760,000 to £4.4m compared with a year ago.

Mr Barbour said the group's strategy under depressed economic conditions has been to increase its investment in the development and launch of new services, while keeping tight control on costs.

In the past 12 months the company has launched five new services, three for health and safety and two for construction.

Mr Barbour said this had helped the group replace lost construction subscribers, where many architects were either out of work or underemployed.

Health and safety now accounted for about 25 per cent of Barbour's business.

Simon sells waste and water side to Thames

By Richard Gourlay

SIMON Engineering has sold its water and waste treatment business to Thames Water, the privatised utility.

Thames will pay £14.2m cash and assume £6m of debt.

Mr Brian Kemp, chief executive of Simon, said the sale price was in line with expectations six months ago, when the group announced it would be withdrawing from most of its environmental businesses.

Mr Kemp said he expected to be able to announce the sale of the environmental consultancy division consultancy within the next few weeks.

Proceeds of the disposal announced yesterday will reduce gearing which stood at 50 per cent at the last half year.

The sale ends a period during which Simon acquired the heady rating of an environmental stock but subsequently fell from grace as results failed to live up to expectations.

From a high of over 400p in 1990, the shares fell to 70p late last year.

They closed yesterday up 11p at 121p.

The Simon businesses will further reduce Thames Water's dependence on income that is covered by the water regulators.

"It is a modest deal but it is an important element of our development programme," said Mr David Luffrum, finance director at Thames.

The business will be added to PWT, a water treatment design and contracting business bought in 1989. Together they will produce sales of about £300m.

The Simon businesses made sales estimated in 1992 at £54m, and is expected to have shown a small operating loss.

Profit before interest and tax in the previous year was £1.7m on sales of £66.5m. At end-1991, the businesses had net assets of £9.1m.

Mr Mike Hoffman, chief executive of Thames, said the acquisition completed the plan "for full capability in water engineering activities".

Resort and 3i settle dispute

Resort Hotels and 3i, the venture capital group, have reached an out of court settlement of a dispute about whether 3i had an option or an obligation to subscribe for 800,000 new shares in the leisure company at 50p each.

Resort's shares have fallen sharply over the last 12 months from a peak of a little less than 90p to about 30p recently.

The two companies said the dispute "arose out of a misunderstanding" during negotiations last year.

Resort has withdrawn its litigation against 3i, and 3i has given an undertaking to subscribe for the 800,000 shares as soon as Resort's share price reaches 57p for a period of five consecutive days.

Recovery at Howden continues with 4% rise

By Jane Fuller

HOWDEN GROUP, the Glasgow-based engineering concern that was brought low by a Danish tunnelling contract, continued its recovery in the first half of the year.

Pre-tax profit rose by 4 per cent to £6.05m (£5.81m) in the six months to October 31 after an exceptional charge of £2.46m, the final loss on the infamous Great Belt contract for four tunnelling machines.

Last month's settlement of the long-running dispute with the client, MT Group, helped the shares rise from 34p in mid-October to 67p ahead of the results. They eased 4p yesterday on profit-taking.

Operating profit rose 9 per cent to £9.9m on sales of £156.2m (£138.3m). Earnings per share, affected by a £30.6m rights issue in 1991, slipped back to 1.8p (2.2p).

Mr Ronald Watson, finance director, said the growth came from a healthy opening order book of more than £300m and from overseas business, which accounted for roughly 60 per cent of sales. The largest division, air and gas, had shown a strong profit increase.

Construction and mining, however, had been held back by delays on big contracts such as the Jubilee underground line in London and a project for British Coal.

Mr John Jackson, who joined the Howden board as a non-executive director at the time of the £30.6m rights issue. He became chairman later in 1991 when the role was split from that of chief executive, which is still held by Mr Johnny Johnsen.

These two contracts, plus delays on a power station for Iran, lay behind a reduction in the order book to less than £300m by the half-way stage.

Interest costs fell from £3.31m to £1.39m.

Debt rose from £24.9m to £40m after £6m of spending on acquisitions and the translation impact of sterling's devaluation.

Mr Watson said payments from MT and working capital improvements had brought debt down to £32m by December 31 and it should fall below £30m – giving gearing of less than 30 per cent – by the year end.

The interim dividend goes up to 0.75p (0.7p).

COMMENT

After the Great Belt horror story – it trebled debt to £76m and nearly wiped out profits in 1990-91 – it is a relief for Howden to return to the normal level of uncertainty that surrounds contracting companies. The order book could do with confirmation of some of the big delayed contracts, although overheads have been cut in the meantime. There is also some uncertainty overseas because of the downturn in Germany. With the second half traditionally stronger, Howden is forecast to hold pre-tax profit at about £18m for the full year, giving a prospective p/e of nearly 12. The absence of the £2.5m exceptional charge lays the basis for resumed earnings growth of perhaps 15 per cent next year, although the late-cycle nature of the business keeps the outlook tough. Contracting uncertainty and MT memories lie behind its discount to the market. After a good run, the price looks about right.

Jacques Vert back in the black

By Peter Pearse

FOLLOWING reversion to its core activities, Jacques Vert, the women's fashion wear group, returned to the black and the dividend list in the six months to October 24, though Mr Jack Cynamon and Mr Alan Green, joint chairmen, said that "a level of concern must be expressed as to prospects in the immediate future".

Mr Malcolm Heald, finance director since April, said the group had had a good August and first half of September, but that there had been "a 30 per cent dive in sales between Black Wednesday and Christmas". The first week of the current sale had been good, he said, but the second had fallen off.

Pre-tax profits in the half were £186,000 (losses £125,000). Turnover slipped by £700,000 to £19m, though the cost of sales fell more steeply to £10.5m (£11.9m), giving gross profits up at £8.55m (£7.78m).

Gearing was cut from 79 to 49.7 per cent through the reduction of stocks and improved debtor collection. Net bank overdrafts at October 25 were down at £3.9m (£6.11m on April 25), resulting in interest payable falling to £304,000 (£402,000).

Below the line a tax credit of £200,000 (£48,000) eased the board's decision to pay an interim dividend of 1p, according to Mr Heald. Last time the interim was 2p, though the final was passed. Earnings were 4.2p (losses 0.8p) per share.

On the retail side – 10 per cent of the group's business – the number of concessions rose from five in July to 25 in October, 32 now and, said Mr Heald, "35 by the end of the week if all goes well".

JV Plus, the line for larger women, continued to expand, the Grace collection was launched, while Alain Cannelle was closed, the 51 per cent stake in L'Anglaise was sold, and Mr Ben de Lisi bought out Vert's share of their joint venture.

Aberdeen chief defends shares buy

By Peggy Hollinger

MR GEORGE ROBB, chairman of Aberdeen Petroleum, yesterday defended his purchase of 500,000 of the company's shares following an approach from Bellwether Exploration, the US oil and gas group, which was only disclosed this week.

Mr Robb, who became non-executive chairman on January 1, bought the shares between December 24 and January 4 at between 6¾p and 7¼p. Bellwether had proposed an all-paper deal which it claimed would value Aberdeen shares at 10¾p. They closed last night at 8¾p.

The chairman said he had consulted the accountants KPMG Peat Marwick, and lawyers Ashurst Morris Crisp, as well as the company before buying the shares. However, action on such advice would not be a defence if the purchase was found to transgress company law.

Mr Robb, who has been a director of the company since it was founded in 1981, said he bought the stock in light of the decline in the small oil and gas sector Before the transaction he owned 100,000 shares.

He had waited until after a meeting with Bellwether on December 14, when the board of Aberdeen and its advisers decided the merger proposal was "a non-starter" and did not need to be disclosed.

Mr Robb said he had also waited until Aberdeen announced its intentions towards Brabant Resources, the USM-quoted company, which has been the unwilling target of Aberdeen's own merger proposals.

When it appeared that Bellwether might make an announcement, Aberdeen drew the Stock Exchange's attention to the already disclosed purchase. Nevertheless, the Stock Exchange is likely to interview Mr Robb, the company and its advisers about the transaction. Mr Robb said he would be happy to co-operate.

Rank quashes film sale rumours

By Peggy Hollinger

RANK ORGANISATION, the leisure and entertainments group, yesterday moved to quash speculation over the fate of its film interests.

"Recently these rumours have increased in numbers and decibels," a statement from the board read. "We believe ... it is in the shareholders' interests to say clearly and unequivocally that our film and television interests are not for sale."

Mr Michael Gifford, chief executive, reinforced the statement: "The businesses are not for sale – end of story." Rank knew of no creditable offers, he added.

However, the consortium which has sparked the recent speculation issued a statement of its own which threw some doubt on Mr Gifford's exact meaning.

Premier Media, which is being advised by Chemical Bank, said it was aware the businesses had not been put up for sale, but "if a realistic offer is made, the board of Rank would have to consider the proposal seriously". Mr Michael Grade, chief executive of Channel 4, has agreed to become a non-executive director of the new company if a sale is agreed.

Analysts tended to agree with Premier's interpretation, in light of Rank's efforts to reduce its roughly £1bn debt through a series of asset disposals.

"I bet if you came along and said there's £450m ... Michael Gifford would not say go away," said one analyst. "I just think he does not fancy the chances of this consortium getting the money together."

Rank announces its results tomorrow with analysts expecting profits of between £233m and £245m, against £254m last time. Smith New Court estimates that the film businesses will have contributed £29m, after some £12m losses in the video distribution operation.

Crown refinancing deal close to completion

By Raymond Snoddy

A FINANCIAL restructuring of Crown Communications, the broadcasting company which owns LBC, the London radio station, could be completed before the end of this month.

Chelverton Investments, a company set up by Mr Matthew Cartisser and Mr John Porter, son of Sir Leslie Porter, the former head of Tesco, has signed a memo of understanding.

Final detailed negotiations are now under way on the precise level of investment needed to secure LBC's future, although it is certain to be several million pounds.

As a result of the deal it is believed that Chelverton and the LBC management will hold a majority of the London radio station. Much of the rest of the equity will be owned by Crown's banks in exchange for debt. Little will then be left of Crown.

The investment is likely to come in two tranches. The first will be risk capital designed to secure LBC's future until the re-advertising of its franchise next year. The most substantial amount will be in the form of longer term commitments to enable the station to retain its franchise.

It is also possible that other members of the Porter family may invest in LBC.

Mr Christopher Chataway would remain chairman of LBC for the foreseeable future but Mr Porter's mother, the controversial politician Dame Shirley Porter, might eventually succeed him.

The main thrust behind the injection of new money into LBC, which has been increasing its market share in London, is coming from Mr Porter.

The LBC deal is expected to leave the present management team in place including Mr David Haynes as chief executive.

If LBC regains its franchise the Porter family may decide to use it as a base from which to bid for the third national commercial radio licence. This will be a speech station.

NEWS DIGEST

Wassall chiefs repay Hanson

THE FAMILY trusts of Mr Chris Miller, chief executive, and two other directors of Wassall, the conglomerate, have sold about 1.4m shares worth £2.8m to repay loans made by Hanson in 1988 at the start of the conglomerate's life.

One of the conditions on the loan to Mr Miller, a former personal assistant to Lord Hanson, and his colleagues, was that the loan should be repayed as soon as the Wassall share price exceeded 200p.

The share price jumped above that level during Wassall's bid for Evode, when the directors were prevented from selling.

M&W

M&W, the food retailer and wholesaler, reported a decline from £2.15m to £2.03m in pre-tax profits for the year to September 27, due to a sharp fall in net interest receivable.

Turnover rose 9.7 per cent from £66.1m to £72.5m and operating profits, including exceptional income of £35,000, from £1.82m to £1.97m. But net interest received was down from £338,000 to £60,000.

Earnings per share worked through at 8.17p, against 9.21p, and the proposed final dividend of 1.5p raises the total for the year to 2.5p (2.25p).

McMullen

McMullen & Sons, the family owned Hertfordshire brewer, reported a rise from £3.51m to £4.54m in pre-tax profits for the year to September 26 1992.

Turnover amounted to £32.9m (£31.8m).

Lightship

Lightship, the pawnbroking and finance group which changed its name from Harvey & Thompson in December 1991, yesterday had its shares suspended on the London Stock Exchange.

The move came at its own request, pending publication of accounts for the year ended June 30 1992.

Dewhurst

Record deliveries of products to the rail industry by Dewhurst, the advanced control technology group, boosted pre-tax profits by 32 per cent for the year to September 27.

On turnover of £9.12m (£7.81m), profits worked through at £849,801 (£642,810).

Earning per share rose from 4.03p to 5.1p. A final dividend of 1.26p is recommended to make a total of 1.89p (1.8p).

Wellcome

Wellcome, the pharmaceutical group, announced that the number of shares held by BNY (Nominees), which underlie American Depositary Receipts issued by the Bank of New York, had fallen to 50.9m, some 5.9 per cent of the group's share capital.

This is a fall from a figure of 58.9m, or 6.8 per cent, in October.

West Trust

West Trust accompanied its interim figures, which showed a pre-tax profit of £25,000, with news of expansion.

It will pay £750,000 for Veeraswamy's (Food Products). The consideration will be met by the issue of 25m shares, of which the vendors will retain 6.7m. The balance will be offered to shareholders on a 2-for-9 basis at 3p.

To cover the costs and fund further development of the food side, West proposes to raise nearly £400,000 through a rights issue of 13.3m shares on the same terms.

In the six months to March 31 turnover at West came to £3.76m (£7.74m) and profit to £25,000 (£36,000). Earnings per share were 0.02p (0.06p).

The shares are to be consolidated from 2.5p to 25p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Barbour Index	int	2.55	Apr 6	2.4	-	7.25
Burndene Invs	fin	10	Feb 26	6.5	13	8.5
Dalepak Foods	int	1.5	Apr 6	1.5	-	6
Dewhurst	fin	1.26	Apr 1	1.2	1.89	1.8
Howden	int	0.75	May 1	0.7	-	2
Jacques Vert	int	1	Apr 6	2	-	2
M&W	fin	1.5	Feb 26	1.25	2.5	2.25
Nobo	int	1.5	Mar 15	1	-	[illegible]

Dividends shown pence per share net except where otherwise stated.

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COMPANY NEWS: UK

Scrip issue move buoys Burndene

By Graham Deller

SHARES OF Burndene Investments yesterday leapt 110p in a thin market to 355p after the Hull-based caravan and hosiery group accompanied a 34 per cent preliminary profits increase with a sharply increased final dividend and an imaginative scrip issue.

Mr David Caldow, chairman, said the scrip issue, on an uncommon 10-for-1 basis, would increase the issued share capital "to a level which will more appropriately reflect the increased scale of the group's activities".

He said the company was concerned that its modest capital would fall foul of moves late last year by Stock Exchange marketmakers to reduce the number of stocks on their books.

"We looked at a 1-for-1, then a 2-for-1 and a 3-for-1 and thought 'Why not make a fist of it?'"

The increase at the pre-tax level for the 53 weeks to October 3 – from £4.33m to a record £5.78m – was achieved on turnover ahead 21 per cent to £57.1m (£47.3m).

A final dividend of 10p is recommended, lifting the total for the year by 53 per cent to 13p and maintaining dividend cover at just over three times.

Despite an overall reduction in sales in the caravan holiday market, the Willerby Caravan manufacturing side together with the small mobile park operating division contributed an adjusted £3.64m to profits, up from £2.98m last time, on turnover of £48.3m (£38.6m).

The Pretty Legs hosiery offshoot raised profits to £760,802 (£685,721) on turnover slightly higher at £8.57m.

A merchandising division is being developed to increase distribution of the brand through retail outlets.

Order books at Willerby were "a little higher" than the same period of the previous year, Mr Caldow said, while sales at Pretty Legs were slightly higher than the comparable first quarter.

'Good housekeeping' behind advance at Nobo

By Matthew Curtin

NOBO GROUP, the visual aids and office products supplier, announced a tenfold increase in pre-tax profits in the half-year to October 31 in spite of losses from its office furniture operation which has been sold.

Pre-tax profits came to £822,000; they compared with £82,000 which was struck after exceptional costs of £227,000 as compensation for a senior director who left the group.

Turnover increased marginally from £9.92m to £10.2m, but Mr Roger Colvin, chief executive, said sales at Nobo's continuing operations improved 6.5 per cent.

Mr Colvin said "good housekeeping" and lower interest rates, which saw interest charges fall to £281,000 (£369,000) were the key factors behind the improved profitability.

Sales of its overhead projectors, white boards and notice boards were strong in the first quarter.

In contrast, operating losses at Budgie, the furniture-making subsidiary sold in October, rose from £137,000 to £371,000.

Earnings per share improved to 3.92p (0.06p). The directors have declared an increase from 1p to 1.6p in the interim dividend.

Ratners cautious on annual results

By Maggie Urry

RATNERS, the heavily-indebted jewellery retailer, said yesterday that its UK operating profits rose more than 20 per cent in December, despite a 27 per cent fall in sales in the month. Christmas 1991 had been a time of heavy price cutting.

This was a more positive trading statement than had been expected and the group's shares rose 1¼p to 13p.

However, Ratners warned that the financial year to the end of this month would show pre-tax losses at about the same level as last year's £24.4m, before exceptional charges, which were £98m last time. The loss forecast disappointed analysts, who were expecting a lower figure.

Mr James McAdam, executive chairman, said the figures for December showed the trading strategy of going for margins rather than volume was working. Mr Gerald Ratner, the former chief executive who left suddenly in November, was thought not to have agreed with this strategy.

Mr McAdam said the group's results were within limits agreed with its bankers last summer, when they promised to maintain borrowing facilities until June this year. He was confident that new arrangements could be reached with bankers.

Mr McAdam said savings of £50m had been achieved in 1992-93 and stocks had been cut by £60m. But he warned of a provision in the year's figures for further rationalisation of about £20m.

The annual figures would show an operating profit in the US and a loss in the UK, Ratners said. In the US sales in December fell 8 per cent. Group sales in the 11 months to the end of December were down 18 per cent.

Mr McAdam said group debt would be about £250m at the year end at constant exchange rates, but would rise when the dollar debt was translated at actual exchange rates.

Finding security in an open market

Paul Cheeseright on the export drive at Kenrick & Jefferson

VISITORS penetrating the West Bromwich fortress which is the headquarters of Kenrick & Jefferson do not just sign a book to acknowledge their presence. They sign a declaration of security and secrecy.

They will make no disclosure about customers' orders they might see being processed, or, indeed, about the plant's technology or the general strategy of the company.

If this seems at odds with the greater openness associated with the European single market, it is simply because the kernel of the Kenrick business is security print and systems.

Kenrick is pitting its skill against the counterfeiter, adding special inks, holograms, magnetic stripes and so on to the special papers used in items like building society pass books, passports and labelling packages for the freight business.

The company is interested in any security printing, short of currency production.

But the privately-owned company is also pitting its skill against European competitors. Executives acknowledge that it has drawn some benefits from the moves towards a single European market. Mr Stephen Adams, director of Kenrick's security print and systems division, listed three.

There is a spin-off from the development of common standards, documentation – "the physical things in shipping goods" – is easier and the more open trading procedures which "allowed us to compete on a flatter playing field".

The trading procedures which interest Kenrick are the tendering regulations for public sector contracts. It was a public sector contract which took Kenrick into the European market. It is public sector contracts which remain crucial.

After Kenrick had supplied the British Post Office with a documentation package for the start in 1986 of a new express mail service, it heard that the French Post Office was interested in a similar product and won a contract.

It then began to look for others and found them with the post offices of Ireland, Italy, the Netherlands, Portugal and Switzerland. It went into Tahiti and Gabon on the back of the French contract. It has expanded into Argentina, Cyprus and Russia, but it has not yet managed to do business with the Bundespost in Germany.

"We are competing mainly now on open tender," said Mr Adams, but, he added with a nod towards twisting the terms of tender to the company's advantage, "if we can encourage a particular specification, we will."

Security print and systems account for about £10m, or a third of turnover and of that 40 per cent comes from direct and indirect exports. Such exports go beyond labelling packages for express mail systems including, for example, the printing of passports for east European countries, citizens of which are adjusting to new travel freedom.

But maintaining a steady growth in the overseas market became more hazardous immediately sterling left the exchange rate mechanism and devalued. Dealing with a fluctuating currency, coming to terms with a new instability, is of more immediate importance to the company than the moves to the European single market.

"It is difficult to quote prices. We now have to look at each case carefully," said Mr Adams, noting that quotations were made in the currency of the customer.

Kenrick has been forced to revert to the practice it adopted before sterling joined the exchange rate mechanism. It is covering its currency exposure by taking forward contracts on the foreign exchange markets. "So we know at the outset what we are going to get."

The devaluation gave the company a competitive edge, but said Mr Adams, "customers are saying they want some benefits of that devaluation." They are wanting price cuts giving them a slice of the extra margin Kenrick might have obtained.

At the same time devaluation "will make raw materials more expensive. It hasn't done yet. But it will," asserted Mr Adams.

He gave as an example the specialised papers the company uses, which might be based on Portuguese pulp with a special coating provided in Italy or Belgium. In addition the cost of plastics, which cover Kenrick labelling packages, is linked to the price of oil, which, in turn, is quoted in dollars.

Stephen Adams: having difficulty quoting prices in its overseas markets when the exchange rate is fluctuating

Geevor's future in balance as benefactor fails

By Kenneth Gooding, Mining Correspondent

GEEVOR, the UK mining company with an 85-year history, has seen its main hopes of survival collapse with AF Budge, the privately-owned civil engineering group which was forced into receivership by its banks last month.

Budge provided £330,000 with no strings attached during the past year to keep Geevor afloat.

The companies were working on a scheme to inject Budge's North American gold, silver and coal mining assets into Geevor, which began as a Cornish tin mining company.

Geevor was nearly killed off in 1991 when the Canadian Imperial Bank of Commerce withdrew banking facilities in controversial circumstances.

Some Geevor shareholders took up £1.25m of loan notes shortly afterwards, partly so the company could pursue the bank through the courts.

Geevor's Stock Exchange quotation was suspended in January last year and its advisers, Smith New Court, still hope that another company will be interested in it as "a relatively clean shell".

Mr Richard Osmond of SNC said yesterday two companies were showing interest. "Geevor has some very supportive shareholders – they have put up money three times in the past two years with very little to show for it – and it has some tax losses to offer."

He said it would be preferable if a company with mining-related interests took over because many of Geevor's institutional shareholders held the equity in mining funds.

Geevor disposed of its Cornish tin mine some time ago and it had been closed down previously. Its present assets, gold interests in Costa Rica and the Mainband colliery in the UK, are not being operated.

Mr Mark Wellesley-Wood, the former chairman, said yesterday Geevor still owed money to its advisers and auditors, but all trade creditors had been paid.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 13.01.93: Pool purchase price £/MWh	Final Prices for Trading on 16.12.92: Pool purchase price £/MWh	Final Prices for Trading on 16.12.92: Pool selling price £/MWh
0030	17.89	17.70	17.70
0100	20.56	22.43	24.11
0130	26.07	26.00	27.83
0200	26.07	26.00	27.79
0230	20.56	22.43	24.06
0300	20.56	22.43	24.06
0330	20.56	20.46	20.46
0400	17.57	17.66	17.66
0430	17.46	17.70	17.70
0500	17.49	17.70	17.70
0530	17.49	17.71	17.71
0600	17.49	17.71	17.71
0630	17.49	17.70	17.70
0700	20.29	22.53	24.91
0730	20.30	23.24	24.94
0800	21.08	23.46	25.14
0830	21.15	26.73	28.52
0900	22.96	29.61	31.51
0930	23.16	29.61	31.49
1000	23.19	29.61	31.47
1030	21.46	26.73	28.49
1100	21.46	26.06	27.80
1130	21.46	26.06	27.80
1200	21.50	26.06	27.80
1230	23.16	26.06	27.79
1300	22.09	26.06	27.79
1330	21.32	24.09	25.76
1400	21.30	20.87	20.87
1430	21.05	20.87	20.87
1500	21.26	20.62	20.62
1530	21.30	20.65	20.65
1600	21.56	27.42	29.32
1630	31.73	31.30	33.96
1700	43.26	40.48	43.98
1730	45.57	40.36	43.67
1800	40.41	37.84	40.41
1830	30.92	28.09	29.81
1900	23.61	27.08	28.75
1930	21.37	26.95	28.63
2000	21.08	26.96	28.65
2030	20.87	23.45	25.06
2100	20.52	23.24	24.86
2130	20.29	23.03	24.65
2200	20.29	23.03	24.66
2230	17.72	23.03	24.67
2300	17.49	20.03	20.03
2330	17.49	17.71	17.71
2400	17.46	17.70	17.70

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg. £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.

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LEGAL NOTICE

Registered in England and Wales
Lifting Gear Products (Engineering) Limited
Company No. 1799300, Principal Place of business: Goliath Works, Petre Street, Sheffield

Notice is hereby given, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at Quaker Meeting House, St James Street, Sheffield, on 27 January 1993 at 11.00 am for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on committees by or under the Act.

D J Stokes
Joint Administrative Receiver
6 January 1993

NOTICE

to the holders of Extecapital Limited (the "Issuer")
US$100,000,000 Perpetual Subordinated Increasing Margin Floating Rate Notes (the "Notes")
secured by a subordinated deposit with
Banco Exterior de España (the "Bank")
constituted by a trust deed (the "Principal Trust Deed") dated 5th April, 1990 and made between the Issuer, the Bank
and The Law Debenture Trust Corporation p.l.c. (the "Trustee")
as trustee for the holders of the Notes

NOTICE IS HEREBY GIVEN to the holders of the Notes that:

(i) the Trustee was requested that EXTERIOR INTERNATIONAL LIMITED (the "Substituted Obligor") be substituted for the Issuer as principal debtor in respect of the Notes and the coupons (the "Coupons") appertaining thereto in accordance with Clause 19(B) of the Principal Trust Deed;

(ii) the Trustee, having been satisfied as to the fulfilment of the various conditions precedent set out in Clause 19(B) of the Principal Trust Deed, has agreed to the implementation of the substitution;

(iii) the substitution has been implemented by a supplemental trust deed (the "Supplemental Trust Deed") dated 31st December, 1992 made between the Issuer, the Substituted Obligor, the Bank and the Trustee with effect from 30th November, 1992, pursuant to which certain consequential amendments have been made to the Terms and Conditions of the Notes;

(iv) no stamping or exchange of the Notes or Coupons is required as a result of the substitution.

Copies of the Principal Trust Deed and the Supplemental Trust Deed are available for inspection at the specified offices of each of the Trustee and the Paying Agents.

Dated 13th January, 1993

ISSUED BY EXTECAPITAL LIMITED AND EXTERIOR INTERNATIONAL LIMITED

PERSONAL

Power cuts hit aluminium smelters

By Kenneth Gooding, Mining Correspondent

TWO ALUMINIUM smelters on the Pacific west coast of America are cutting output because of power supply problems and the industry expects others to follow.

Their supplier, the Bonneville Power Administration, is suffering from the drought in the area and has told smelters it must cut their supplies by 25 per cent until the end of February. Analysts suggest that any smelters that make cuts would not restore production for at least six months because of the cost and complexity of shutting down pot lines.

There are ten aluminium smelters in the area with a total annual capacity of 1.5m tonnes, equivalent to about 10 per cent of the western world's primary aluminium output. However, one, Reynolds Metals' Troutdale smelter, has already been temporarily closed because of low aluminium prices.

Mr Angus MacMillan, research manager at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group, pointed out that, if all the remaining smelters cut production by one quarter for six months it would take 150,000 tonnes out of the market this year. "That is not enough to sustain a price rally in these markets and at a time when LME [London Metal Exchange] stocks are at record levels."

Mr MacMillan suggested that the possibility of production cuts in the Pacific north west was already "partly factored into the market price". On the London Metal Exchange yesterday the price of aluminium for delivery in three months fell by $5 to $1,237.50 a tonne.

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	+2,200	to 1,588,825
Copper	−9,425	to 305,475
Lead	+75	to 230,125
Nickel	+816	to 72,846
Zinc	+3,475	to 496,775
Tin	unchgd	at 15,660

First to react to the power problems was the employee-owned Columbia Aluminium Corporation, which said that by Friday it would shut down 45,000 tonnes of annual capacity at its 180,000-tonnes-a-year Goldendale, Washington, smelter. Amax quickly followed by saying output would be cut by 25 per cent at its 272,000 tonnes-a-year smelter at Ferndale, Washington.

Alcoa said it would make a decision today about its 210,000-tonnes-a-year Wenatchee smelter, which obtains half its power supply from the BPA. One option would be closure of a 42,000-tonnes-a-year potline.

Kaiser, with two smelters – Mead (200,000 tonnes) and Tacoma (73,000 tonnes) – supplied by the BPA also said it was "weighing the options". The BPA said its own problems were compounded by the recent decision to close the Trojan nuclear power station, in which it has a 30 per cent interest.

Depressed oil market resumes slide

By Deborah Hargreaves

OIL PRICES slid further yesterday amid heavy selling from North Sea producers. North Sea Brent crude oil for February delivery declined by 45 cents from $17.55 to $17.10 a barrel and traders saw little prospect of any uplifting news in weeks to come.

Much of Norway's crude output is still shut in because of severe storms and tankers are facing difficulties loading oil in the UK sector of the North Sea. But these shutdowns have failed to lend any strength to prices while traders keep their sights fixed on overproduction by the Organisation of Petroleum Exporting Countries.

Mr Geoff Pyne, oil analyst at UBS Phillips & Drew, expects Opec's January output to be the same as its December level of over 25m barrels a day. He estimates that the producers' club will have to cut back by at least 1m b/d in February to bring oil prices back into line. "The only thing the market can hope is that prices drop far enough to frighten Opec into action," he said yesterday.

Mr Pyne believes North Sea prices will drop to $16 a barrel within weeks.

Prices for Brent crude have lost over $1 a barrel since the beginning of the year as even token Opec cuts in production have failed to materialise. There could be some modest increases in demand towards the end of the year – of around 1.5 per cent in the US and 1 per cent in Europe.

Added to low levels of demand, stocks of oil products remain high. The winter has not been cold enough for producers to work off the high stocks they built in the fourth quarter of last year.

Yeltsin appoints energy minister

By Leyla Boulton in Moscow

RUSSIAN PRESIDENT Boris Yeltsin has finally filled the vacancy of fuel and energy minister by appointing Mr Yuri Shafranik, the powerful governor of Tyumen, Russia's richest oil-producing region.

The president's office said last night that Mr Yeltsin had made the appointment on the recommendation of Mr Viktor Chernomyrdin, himself deputy prime minister responsible for energy policy until he was elected prime minister last month. The fuel and energy post had been vacant since Mr Vladimir Lopukhin was sacked last June.

Mr Chernomyrdin, manager of the Gasprom gas monopoly until he joined the government in June, has made a shrewd choice in that Mr Shafranik had always fiercely defended the right of the regions to determine policy rather than simply follow Moscow's commands. As a poacher turned gamekeeper, Mr Shafranik will have a head start in supervising the country's fragmented oil industry and getting on with the so-called "oil generals" who run state-owned enterprises whose size rivals the biggest western oil companies. The centralised and more successful gas industry will continue to run itself as a single monopoly concern encompassing gas production in other former Soviet republics.

Mr Shafranik's main task will be to try to stem a fall in oil output, which has continued for more than three years, despite preliminary ministry figures showing a 22 per cent increase in lucrative hard currency exports last year to 66.2m tonnes. Mr Andrei Konoplyannik, deputy minister for fuel and energy, said yesterday that production of oil and gas condensate in 1992 had fallen nearly 15 per cent to around 393m tonnes. In contrast, gas production had fallen just 0.5 per cent to 640bn cubic metres.

Mr Shafranik will also have to grapple with a complex programme for the limited privatisation of oil enterprises preserving state control of a key Russian source of foreign exchange. The coal industry meanwhile is badly in need of restructuring and a political tinder box. The miners were instrumental in undermining the rulers of the old Soviet Union with political strikes.

Vietnamese rice exports up 30 per cent

By Victor Mallet in Bangkok

VIETNAMESE RICE exports rose by about 30 per cent last year to 1.4m tonnes, consolidating the country's position as the world's third largest rice exporter after Thailand and the US, official figures show.

Total Vietnamese rice production in 1992 rose by 1.6m tonnes to 21.5m despite the floods that damaged crops in some areas, according to an official newspaper.

The figures suggest that Vietnam has overcome problems caused by the disruption in fertiliser supplies that followed the collapse of the Soviet Union, once Hanoi's principal foreign backer and aid donor.

The report in the Sunday Vietnam News said farmers had boosted rice production by planting high-yield varieties and using more modern farming techniques, as well as by drawing on government credit lines to the tune of about $100m.

More than half the loans went to farmers in the fertile southern Mekong delta, and they produced about 11m tonnes of the year's output.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,670-1,710 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.20-2.40 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 0.45-0.55 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 15.40-16.00 (15.10-16.00).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 120-140 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 1.85-1.95 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.70-5.40 (same).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 40-50 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 1.75-1.85 (same).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 7.85 (7.90).

US wheat sale plan angers Australia

By Kevin Brown in Sydney

AUSTRALIA REACTED angrily yesterday to US plans to sell 500,000 tonnes of subsidised wheat to Pakistan under the Export Enhancement Program, which Washington claims is intended to combat European Community export subsidies.

Mr Simon Crean, primary industries minister, said Australia intended to register "very strong concern and anger" with Washington, which also sold 800,000 tonnes of subsidised wheat to Pakistan in October. He said the US decision had been made on the basis of incorrect information that Australia would be unable to meet a Pakistani order for 600,000 tonnes of wheat because of the effects of bad weather on the Australian crop.

Australia supported US attempts to reduce the distorting effect of EC export subsidies and owed a debt to Washington for securing a breakthrough against European opposition in the Uruguay Round talks on the General Agreement on Tariffs and Trade, Mr Crean admitted. However, he said it "makes no sense" for the US to sell subsidised wheat to Pakistan because the EC was not a significant alternative supplier.

Mr John Lawrenson, director of the Australian Wheat Board, said the deal was "a cynical attempt by the US to capitalise on the current problems in the Australian wheat harvest".

He described the deal as "needless, senseless blow to Australian wheat farmers", which "calls into question the US commitment to free trade and to Australia's export earning capacity".

The wheat board said recently that more than 40 per cent of the Australian crop might have to be downgraded because of damage caused by severe weather in late December. The board said sufficient milling wheat would be produced to meet the Pakistani order, but it expected Pakistan to accept the offer of cheaper US grain.

Clinton nominee worries the midwest grain barons

Nancy Dunne and **Laurie Morse** look at Mr Mike Espy's credentials for the agriculture secretaryship

MR MIKE Espy, the presidential nominee for the US agriculture secretaryship, is one of the new breed Clinton Democrats, an articulate moderate, who straddles the centre on the Democratic party's ideological spectrum and promotes catfish farming as readily as grains, rice and cotton.

The free traders at the American Farm Bureau hailed his nomination by President-elect Bill Clinton on the grounds that Mr Espy "stood up for agriculture against excessive environmental restrictions during his six years in Congress." They view it as a good sign that he attended the Uruguay Round negotiations in Geneva, journeyed to Mexico to discuss the North American free trade agreement, supported a balanced budget amendment, and opposed grazing fee increases.

At the same time, Mr Espy won a 90 per cent rating for his support of liberal farm programmes from the American Agriculture Movement. His nomination – as the first black agriculture secretary in more than a century – was greeted with glee on the left, which considers the department he will head as one of the most racist in the government for its dealings with both black farmers and its own employees.

Ms Kathy Ozer, a spokesman for the National Family Farm Coalition, praised Mr Espy's efforts to raise farm prices and shift the sector into "sustainable agriculture". Although he supported an extension of the president's "fast-track" authority to continue negotiations on the General Agreement on Tariffs and Trade and the North American Free Trade Agreement – which many liberal farm groups opposed – he also voted for their amendment, declaring that no trade pacts would be accepted by Congress unless they were in the interest of workers, farmers and the environment.

Any grumbling about the appointment has been muted. But midwesterners, who have come to regard the US Department of Agriculture as their own, are seriously worried about the nominee's commitment to grains. One aide to a north-western senator said the crops grown in the US south – like peanuts, cotton, tobacco and rice – were among the most protected by the entrenched southern senators and congressmen and needed the advantage of a sympathetic agriculture secretary the least.

Mike Espy: One of the new breed Clinton Democrats.

Agribusiness interests are concerned about Mr Espy's lack of experience with export-oriented agriculture. Aside from catfish and family farms, "he has no track record in agriculture", says Mr Daniel Basse, an Illinois grain analyst and farm consultant. "He's an unknown. . . The farm community doesn't know what he will do for farm income and farm exports."

The fiercest of Mr Espy's critics in the midwestern agribusiness community are gossiping that he might be eliminated in the confirmation process, eagerly offering off-the-record comments about his personal life. Having few allies in large-scale agriculture and facing Senate republicans who might pounce on the rumours as revenge for the rejection of Senator John Tower, President Bush's first nominee for the defence secretaryship, on the grounds of his personal conduct, Mr Espy may face an uphill confirmation battle. One farm consultant said: "If the republicans are going to derail anyone, they might well try Espy, but the Democratic majority is strong enough to withstand anything but a major attack".

Mr Garland West, spokesman for Cargill, the Minnesota-based agribusiness conglomerate, said midwesterners were waiting to see other USDA appointments before making judgments about Mr Espy's impact. "The USDA is a bureaucracy, and we expect there will be a strong cast of supporting players," Mr West said. "Everyone in agriculture is waiting to see the whole picture, which you don't get from one appointment."

Mr Espy, 39, from the Mississippi Delta, has represented one of the poorest regions in the country in the House of Representatives. His family was prominent and comparatively wealthy, and, as he said in his acceptance statement, his father, "fresh out of college with a degree in agriculture", served as a USDA extension agent in Arkansas.

He has had little to say about the most controversial issues in US agriculture – the desirability of high farm supports, export subsidies and agricultural trade liberalisation within Gatt. But he has noted that with new technologies, globalisation of trade and economies of scale in farm operations, "things never will really be the same down on the farm".

The USDA bureaucracy has grown, while the number of farmers has dropped, he said. It "frustrates" rather than "advocates". Its factual information must be improved and its priorities shifted towards the eradication of hunger and finding new overseas markets for "our incredible agricultural production".

Although increased farm exports will be a goal under Mr Espy, he shares Mr Clinton's passion for new ideas. He will work for the development of community development banks in rural areas, encourage more crop diversification and promote more value-added production in the US.

India hopes for self-sufficiency in vegetable oils

By Kunal Bose in Calcutta

INDIA HOPES to be self-sufficient in vegetable oils in the 1992-93 season, which began in November, thanks to bumper domestic production of oilseeds.

Last year the country spent $68m of precious foreign exchange on importing 160,000 tonnes of oils.

This year's optimism stems from an oilseeds production forecast of about 21.56m tonnes, up from 18.32m tonnes in 1991-92. Both the summer and winter crops have turned out to be highly satisfactory. As a result oil availability should rise to 6.11m tonnes from 5.24m tonnes.

The federal government's claim that the country has at last achieved self-sufficiency in oils is being contested, however, by experts who point out that Indian per capita consumption of oils and fats works out at about 7 kg, compared with the world average of nearly 15 kg.

WORLD COMMODITIES PRICES

MARKET REPORT

COPPER prices ended an active and volatile LME session weak, but above the lows of a wide range. Copper also unsettled the other metals, which closed lower. Dealers said the steep falls in copper, following Monday's decline, reflected heavy Chinese selling that became a deluge of long liquidation and speculative sales as the market's recent uptrend came to a halt. Some GOLD dealers on the London bullion market saw news that the Dutch central bank sold 400 tonnes last year as slightly bullish. "If a substantial element of it went to the market, then it may well be felt that the market held up surprisingly well," one dealer said. On Comex gold futures were firmer in late trading but below the key $330 a troy ounce level breached earlier. London COCOA futures finished with gains of up to £16 a tonne with the market boosted by the weakness of sterling against other leading currencies. Dealers said Ivorian sellers' were further from the market following the pound's slump.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Feb)		+ or -
Dubai	$14.65-4.75	-.575
Brent Blend (dated)	$16.75-6.80	-0.50
Brent Blend (Feb)	$17.00-7.10	-0.45
W.T.I (1 pm est)	$18.35-8.45	-0.45
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$183-185	-2
Gas Oil	$169-170	-4
Heavy Fuel Oil	$71-72	-2
Naphtha	$177-179	-2.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$330.05	+2.70
Silver (per troy oz)♣	372.5c	+6.0
Platinum (per troy oz)	$358.0	-0.25
Palladium (per troy oz)	$111.7	+0.7
Copper (US Producer)	109.0c	-1.5
Lead (US Producer)	33.5c	-1 12
Tin (Kuala Lumpur market)	14.80r	-0.02
Tin (New York)	270.5c	-1.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	115.33p	-0.28*
Sheep (live weight)†♣	88.24p	+1.35*
Pigs (live weight)†	77.05p	-5.91*
London daily sugar (raw)	$217.3	+3.3
London daily sugar (white)	$256.5	+3.5
Tate and Lyle export price	£248.5	+1.5
Barley (English feed)	£134.0	
Maize (US No. 3 yellow)	£161.0	
Wheat (US Dark Northern)	Unq	
Rubber (Feb)♥	63.75p	+0.25
Rubber (Mar)♥	64.25p	+0.25
Rubber (KL RSS No 1 Jan)	230.5m	
Coconut oil (Philippines)§	$455.0y	-5.0
Palm Oil (Malaysian)§	$407.5z	-2.5
Copra (Philippines)§	$290	-2.5
Soyabeans (US)	£175.0	-1.5
Cotton "A" Index	56.90c	+0.20
Wooltops (64s Super)	390p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Feb/Mar u-Feb.x-Aug.w-Dec/Jan. z-Jan/Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago, provisional prices

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	191.00	191.00	192.00
May	192.20	193.00	192.00
White	**Close**	**Previous**	**High/Low**
Mar	252.80	255.20	254.80 252.50
May	254.00	256.40	256.50 253.90
Aug	259.00	261.40	260.00
Oct	246.80		247.50 246.50

Turnover: Raw 5 (32) lots of 50 tonnes. White 1678 (1222) Paris- White (FFr per tonne): Mar 1413.13 May 1438.76

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Feb	17.03	17.42	17.43 16.98
Mar	17.22	17.57	17.58 17.16
Apr	17.38	17.72	17.71 17.34
May	17.56	17.84	17.75 17.56
Jun	17.65	17.91	17.80 17.65
Jul	17.70	17.94	17.85 17.70
IPE Index	17.57	17.57	

Turnover 39096 (38423)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Jan	162.50	165.25	165.30 161.50
Feb	162.75	167.00	166.50 162.50
Mar	162.75	167.25	166.50 162.75
Apr	162.00	166.25	165.00 162.00
May	162.25	165.25	164.50 162.25
Jun	162.50	165.50	164.50 162.50
Jul	165.25	167.75	166.50 165.25

Turnover 25705 (18961) lots of 100 tonnes

JUTE
January/February c and f Dundee BTC $360, BWC $360, BTD $325, BWD $340; c and f Antwerp BTC $340, BWC $340, BTD $315, BWD $315.

COTTON
Liverpool- Spot and shipment sales for the week ended January 8 amounted to 204 tonnes, compared with none in the previous week. Improved demand brought moderate purchases mainly in west African, central Asian and Greek descriptions.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	694	687	694 683
May	710	700	710 698
Jul	724	714	723 711
Sep	741	727	739 724
Dec	764	748	763 745
Mar	786	769	785 767
May	799	788	789 782
Jul	812	801	805 805
Sep	826		825 813

Turnover: 5325 (3155) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 11 744.53 (745.39) 10 day average for Jan 8 739.80 (740.23)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Jan	967	948	963 947
Mar	963	953	967 943
May	950	935	956 939
Jul	944	933	950 930
Sep	949	936	955 943
Nov	955	935	951 943

Turnover:4103 (3160) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 11: Comp. daily 59.06 (59.57) 15 day average 63.18 (63.54)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	61.3	62.0	61.5 61.1

Turnover 28 (19) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Feb	-	153.5	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Jan	1275	1275	1275 1267
Feb	1243	1235	1245 1240
Mar	1243	1245	1243 1240
Apr	1259	1240	1259 1242
Jul	1139	1120	1139
BFI	1306	1319	

Turnover 324 (31)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Jan	134.55	135.25	134.80 134.40
Mar	136.00	136.05	136.00 135.60
May	137.85	138.05	137.85 137.60
Nov	110.00	109.90	110.00 109.80
Barley	**Close**	**Previous**	**High/Low**
Mar	130.00	132.90	130.00
Mar	132.00		132.50 131.75
Nov	109.00	109.00	109.00 108.75

Turnover: Wheat 192 (238), Barley 52 (39). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	104.0	103.5	103.0

Turnover:8 (2) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 38,649 lots
Cash	1214.5-5.5	1219.5-20.5		1223-4		
3 months	1237-8	1242-3	1246/1232	1245.5-6	1241-2	180,804 lots
Copper, Grade A (£ per tonne)						Total daily turnover 84,272 lots
Cash	1425.5-6.5	1492-3		1412-4		
3 months	1447-8	1512-3	1455/1427	1437-8	1454-5	158,972 lots
Lead (£ per tonne)						Total daily turnover 2,647 lots
Cash	286-6.5	286.5-7.5	287/286	285.5-6		
3 months	296.5-7	297-7.5	298/297	297-7.25	297.5-8	19,836 lots
Nickel ($ per tonne)						Total daily turnover 15,410 lots
Cash	6000-10	6165-70		5950-1		
3 months	6070-5	6235-40	6210/6010	6025-30	6080-90	41,136 lots
Tin ($ per tonne)						Total daily turnover 2,152 lots
Cash	5825-30	5860-70	5815	5810-5		
3 months	5890-5	5920-30	5910/5830	5870-80	5880-900	6,801 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 9,335 lots
Cash	1050.5-1.5	1047.5-8.5	1052	1052-3		
3 months	1069-70	1066.5-7.0	1074/1068	1072-2.5	1085-9	89,046 lots

LME Closing £/$ rate:
SPOT: 1.5405 | 3 months: 1.5261 | 6 months: 1.5143 | 9 months: 1.5037

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	329.90-330.20	
Opening	328.00-328.40	
Morning fix	328.50	211.431
Afternoon fix	329.20	213.074
Day's high	330.40-330.70	
Day's low	328.00-328.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	1.21	6 months	1.91
2 months	1.31	12 months	2.34
3 months	1.38		

Silver fix	p/troy oz	US cts equiv
Spot	238.30	367.80
3 months	240.30	370.60
6 months	244.10	373.70
12 months	251.80	381.60

GOLD COINS

	$ price	£ equivalent
Krugerrand	328.00-331.00	212.00-214.00
Maple leaf	338.85-341.05	-
New Sovereign	78.50-81.50	50.00-52.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Feb	May	Feb	May
1200	32	68	9	21
1250	8	39	34	42
1300	3	21	78	72
Copper (Grade A)	**Calls**		**Puts**	
2100	110	134	6	28
2200	38	74	35	67
2300	8	35	103	127
Coffee	**Mar**	**May**	**Mar**	**May**
950	38	51	26	51
1000	18	33	56	83
1050	8	21	96	121
Cocoa	**Mar**	**May**	**Mar**	**May**
650	51	72	7	12
675	33	54	14	19
700	20	40	26	30
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
1750	38	60	58	64
1800	20	41	88	
1850	10	29		123

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	328.5	327.5	0	0
Feb	328.8	327.8	330.7	328.1
Mar	329.3	328.3	329.0	329.0
Apr	329.9	328.9	331.9	329.2
Jun	331.3	330.2	333.0	331.0
Aug	332.7	331.5	333.0	333.0
Oct	334.4	333.1	0	0
Dec	336.1	334.8	337.8	336.8
Feb	338.2	336.8	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	358.0	358.6	359.5	357.0
Apr	356.9	355.5	359.0	355.5
Jul	354.9	353.5	357.0	355.0
Oct	353.9	352.5	0	0
Jan	352.9	351.5	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	368.0	364.9	0	0
Feb	368.8	365.8	0	0
Mar	369.7	366.7	373.5	366.0
May	372.3	369.3	376.0	371.5
Jul	374.8	371.8	378.0	373.5
Sep	377.5	374.6	380.0	376.5
Dec	381.8	378.9	385.5	381.0
Jan	383.1	380.1	0	0
Mar	386.8	383.8	0	0
May	390.3	387.4	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	96.65	103.10	99.00	98.60
Feb	97.20	103.70	99.00	97.10
Mar	97.55	104.05	99.80	97.30
Apr	97.80	104.05	99.80	99.40
May	98.05	104.10	100.00	97.70
Jun	98.25	104.05	0	0
Jul	98.55	103.95	100.30	98.20
Aug	98.80	103.90	0	0
Sep	99.00	103.85	100.30	99.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	18.38	18.78	18.71	18.30
Mar	18.58	18.94	18.88	18.48
Apr	18.76	19.08	19.03	18.68
May	18.96	19.19	19.11	18.85
Jun	19.10	19.27	19.25	19.03
Jul	19.15	19.31	19.28	19.10
Aug	19.20	19.34	19.34	19.15
Sep	19.20	19.37	19.40	19.20
Oct	19.30	19.39	19.30	19.25
Nov	19.30	19.41	19.31	19.25

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	52.75	53.54	53.40	52.40
Mar	53.15	53.68	53.75	52.90
Apr	53.10	53.76	53.60	52.90
May	52.85	53.23	53.05	52.55
Jun	52.65	53.08	52.90	52.55
Jul	52.90	53.37	53.25	52.75
Aug	53.80	54.07	54.00	53.70
Sep	54.75	55.27	55.25	54.80
Oct	55.90	56.22	56.00	55.90
Nov	57.00	57.12	57.00	56.90

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	972	960	975	943
May	995	978	1000	970
Jul	1017	1000	1020	1001
Sep	1041	1021	1039	1018
Dec	1069	1050	1070	1047
Mar	1100	1085	1100	1082
May	1125	1110	0	0
Jul	1147	1132	0	0
Sep	1170	1155	1158	1140
Dec	1200	1180	1186	1186

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	71.58	69.25	72.15	69.05
May	76.60	74.35	77.20	74.10
Jul	78.50	76.25	79.10	76.00
Sep	80.30	78.00	80.30	77.80
Dec	82.60	80.45	82.60	80.35
Mar	85.05	82.70	83.00	83.00
May	87.00	84.95	85.00	85.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.52	8.64	8.60	8.51
May	8.60	8.68	8.66	8.59
Jul	8.66	8.71	8.72	8.66
Oct	8.65	8.69	8.69	8.64
Mar	8.70	8.74	8.74	8.73
May	8.75	8.85	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	60.78	60.80	61.05	60.60
May	61.43	61.43	61.75	61.16
Jul	62.21	62.35	62.50	62.05
Oct	61.25	61.37	61.60	61.20
Dec	60.25	60.55	60.60	60.16
Mar	60.97	61.30	61.17	61.17
May	61.85	61.90	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	79.95	79.25	81.00	79.95
Mar	82.60	81.80	83.20	82.10
May	85.15	84.25	85.70	84.60
Jul	86.75	85.75	87.55	86.55
Sep	88.25	86.70	88.70	88.25
Nov	87.55	86.80	0	0
Jan	89.30	88.45	0	0
Mar	89.30	88.45	91.00	91.00
May	90.10	90.05	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Jan 12	Jan 11	mnth ago	yr ago
1698.3	1704.4	1665.7	1594.7

DOW JONES (Base: Dec. 31 1974 = 100)

	Jan 11	Jan 8	mnth ago	yr ago
Spot	123.48	122.15	121.80	123.48
Futures	123.61	123.65	120.06	121.24

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	582/6	576/6	583/4	576/4
Mar	584/6	578/4	586/0	577/4
May	588/6	582/4	590/6	[illegible]
Jul	594/0	587/6	595/0	587/0
Aug	595/0	589/2	596/0	589/2
Sep	592/4	587/6	594/0	591/2
Nov	596/6	592/0	598/0	591/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	21.57	21.38	21.65	21.38
Mar	21.76	21.59	21.84	21.59
May	21.98	21.76	22.06	21.76
Jul	22.17	21.92	22.26	21.94
Aug	22.20	21.96	22.30	22.04
Sep	22.19	21.95	22.20	22.02
Oct	22.18	21.95	22.18	22.05
Dec	22.25	22.00	22.30	22.00

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	185.9	185.1	186.7	185.2
Mar	184.1	183.3	185.1	183.2
May	184.1	182.9	184.9	183.0
Jul	185.3	184.2	186.3	184.3
Aug	185.7	184.8	186.0	185.6
Sep	186.7	185.6	187.7	186.5
Oct	188.0	186.6	188.3	187.5
Dec	189.0	188.3	189.8	189.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	221/2	218/4	222/0	218/4
May	228/4	226/0	229/4	226/0
Jul	235/0	232/2	236/0	232/2
Sep	239/2	237/2	239/4	237/2
Dec	243/4	241/4	244/0	241/4
Mar	250/2	248/2	250/2	248/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	368/6	369/4	369/0	368/4
May	347/2	348/2	347/6	345/6
Jul	322/0	321/2	322/2	319/4
Sep	327/0	325/6	327/0	324/6
Dec	337/4	336/0	337/4	334/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	79.850	80.525	80.600	79.800
Apr	78.625	79.300	79.300	78.550
Jun	73.675	74.475	74.500	73.650
Aug	72.075	72.600	72.650	71.975
Oct	72.750	73.175	73.250	72.700
Dec	73.400	73.650	73.800	73.300

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	44.350	44.850	44.900	44.200
Apr	44.075	44.250	44.500	43.750
Jun	48.675	48.875	48.925	48.500
Jul	48.175	48.325	48.450	48.025
Aug	46.825	46.800	46.900	46.550
Oct	42.750	42.900	43.000	42.600
Dec	43.800	43.500	43.800	43.500

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	39.875	39.800	40.150	38.750
Mar	40.225	40.075	40.400	39.200
May	41.575	41.400	41.750	40.800
Jul	41.875	41.950	42.050	41.000
Aug	40.925	40.800	41.050	39.900

LONDON STOCK EXCHANGE

Footsie frets over funding pressures

By Steve Thompson

THERE WAS no let-up in the downward pressure on London's equity market, which moved significantly lower for the sixth consecutive trading session, still fretting over the massive PSBR funding programme needed this year, the prospect of big cash calls from companies and niggling worries about the UK Budget.

Sentiment was given an additional blow very late in the session by reports that the Bundesbank had indicated that there was little scope for any early cuts in German interest rates. International markets had been expecting an early move by the Bundesbank to lower its Lombard and discount rates after the recent reduction in its Repo rates.

The market was further shaken by news in the mid-afternoon of a substantial restructuring of Guinness's distilling interests which will lead to a charge of £125m in this year's figures.

The day's economic news, detailing input and output prices for December, was said to have been in line with market expectations and failed to produce any substantial reaction in either the equity or foreign exchange markets.

Dealers marked share prices higher at the outset of trading, reflecting the modest improvement on Wall Street overnight and hopes that five successive days of selling in UK equities could have left the market oversold. The first couple of hours of trading saw the FT-SE 100 Index edge higher to record a rise of around five points, with much of that coming from the pharmaceuticals sector.

Here, Glaxo, with a significant weighting in the Footsie, made good early progress, as did SmithKline Beecham, another of the market's heavyweight stocks. Both were lifted by renewed heavy buying from domestic and overseas sources, although Glaxo later turned off sharply to end lower on balance amid worries about its Zantac anti-ulcer drug.

There was little real impetus in the market upturn, however. Strong selling of the March Footsie future developed, upsetting the cash market.

Thereafter, support for the market virtually evaporated and the FT-SE 100 gradually gave ground to touch the day's low point of 2,757.4, some 16 points off, before closing a net 15.5 down at 2,757.9. Over the past six trading days the index has fallen 103.6, or 3.6 per cent.

The Footsie Mid 250 index was riddled with big losers and continued its recent steep decline, settling a further 10.7 lower at 2,879.2 for a three-day decline of 61.1, or 2.1 per cent.

Turnover yesterday was a healthy 666.4m shares, continuing the strong run since the turn of the year. The 666.4m included exceptionally heavy activity totalling around 70m shares in the two classes of BT stock. Towards the end of the session some 36m of the fully-paid and 35m of the partly-paid changed hands amid hints of switching.

Figures released by the Stock Exchange showed that the value of market turnover continued above the crucial £1bn level on Monday, when business worth £1.29bn was transacted.

Some marketmakers continued to take the view that the market has now overreacted on the downside to worries about gilts funding, rights issues, the turbulent international situation and nervousness about the Budget.

Others, however, maintain that the market was overbought on the prospect of big takeover bids.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	0	475	
ASDA Group	13,000	65¼	+2½
Abbey National	2,900	383	+3
Albert Fisher	657	64	+2
Allied-Lyons	2,300	618	
Amstrad	3,400	23	
Anglian Water	570	479	
Argos	1,000	294	-6
Argyll Group	1,700	362	+3
Arjo Wiggins	656	151	-4
Ass. Brit. Foods	346	502	-3
Ass. Brit. Ports	1,100	358	-2
BAA	1,400	744	
BAT Inds.	1,800	987	-1
BET	933	99	-2
BICC	654	354	
BOC	361	734	-8
BP	5,300	237	+1
BPB Inds.	2,400	187	-13
BT	36,000	390	+2
BT New	35,000	285	+2
BTR	2,400	544	-3
Bank of Scotland	1,700	117	-1
Barclays	3,100	372	+5
Bass	1,400	582	-8
Berisford Int.	1,700	24½	
Blue Circle	1,500	189	-7
Booker	663	413	-2
Boots	1,000	482	-6
Bowater	1,400	454	-2
Brit. Aerospace	4,500	176	-9
British Airways	5,100	268	-6
British Gas	5,600	280	-1
British Land	320	184	-4
British Steel	6,000	60	-½
Bunzl	111	121	
Burmah Castrol	612	691	-8
Burton	2,000	73	-1½
Cable & Wire	1,900	707	-1
Cadbury Schweppes	1,900	456	+1
Calor Group	118	227	-6
Carlton Comms	667	802	+3
Coats Viyella	1,300	225	-1
Comm. Union	481	620	+2
Cookson	471	186	-1
Courtaulds	1,500	567	-9
Dalgety	413	481	
De La Rue	605	871	+3
Dixons	1,200	254	-8
Eastern Elect.	616	436	-1
East Midland Elect.	521	420	-1
Eng China Clays	1,700	449	-18
Enterprise Oil	179	423	-7
Eurotunnel Units	48	346	+1
FKI	1,500	108	-5
Fisons	2,400	239	-6
Forte	1,100	187	-6
Gen. Accident	681	560	+2
General Elect.	2,500	299	-3
Glaxo	11,000	723	-17
Glynwed Int.	329	246	-2
Granada	1,800	353	-7
Grand Met.	1,800	424	+1
GUS A	276	1660	-23
GRE	884	171	+1
GKN	663	460	-6
Guinness	7,900	473	-21
HSBC (75p shs)	12,000	523	+4
Hammerson 'A'	4,700	253	-12
Hanson	9,100	237¾	+1¾
Hanson Warrants	4,600	25¼	+½
Harrisons Crosfield	785	165	
Hillsdown	1,700	135	+1
IMI	631	286	-7
ICI	1,400	1087	-11
Inchcape	436	582	+6
Kingfisher	1,300	572	+6
Kwik Save	1,000	780	-2
Ladbroke	8,100	168	-4
Land Securities	2,000	440	-3
Laporte	1,700	585	+8
Legal & General	4,000	433	-1
Lloyds Abbey	832	427	
Lloyds Bank	2,200	506	-12
LASMO	801	130	-1
London Elect.	857	436	-1
Lonrho	1,300	73	+1
Lucas	2,900	144	+6
MB Caradon	335	294	-3
MEPC	913	328	-2
Manweb	331	493	+4
Marks & Spencer	3,600	318	-1
Midlands Elect.	459	476	+1
NFC	694	281	+5
NatWest Bank	3,800	405	-4
National Power	1,200	281	+2
Next	1,200	152½	+3½
North West Water	638	475	-1
Northern Elect.	466	483	+3
Northern Foods	1,000	278	-1
Norweb	543	477	+4
Pearson	935	359	+5
P & O	925	520	-5
Pilkington	3,100	108	-2
PowerGen	747	280½	+1½
Prudential	2,600	287	-9
RHM	0	265	
RMC	193	557	-6
RTZ	1,500	648	-20
Racal	817	169	-2
Rank Org.	3,300	701	-10
Reckitt & Colman	381	642	+4
Redland	1,200	422	-9
Reed Intl.	1,300	626	
Rentokil	585	212	+1
Reuters	870	1380	-8
Rolls Royce	4,200	108	-6
Rothmans	202	617	-3
Rvl Bk Scotland	1,800	211	+1
Royal Insurance	1,600	277	-6
Saatchi	600	176	+4
Sainsbury	3,200	567	-5
Scottish & New.	165	440	-6
Scot. Hydro-Elect.	1,600	244	-1
Scottish Power	1,500	231	-2
Sears	1,600	99	-2
Sedgwick	2,000	172	-2
Seeboard	134	464	-1
Severn Trent Water	623	466	-½
Shell Transport	3,200	530	-3
Siebe	1,100	436	+6
Slough Ests	139	153	+1
Smith (W.H.) A	341	465	+9
[illegible]	[illegible]	158	-1½
SmKl Beecham	3,600	475	+6
SmKl Beecham Uts	4,700	416	+4
Smiths Inds	664	375	-1
Southern Elect.	844	446	+2
South Wales Elect.	304	522	+12
[illegible]	[illegible]	486	
South West. Elect.	169	460	+3
Southern Water	365	466	+1
Standard Chartd.	285	585	+6
Storehouse	7,300	205	+4
Sun Alliance	1,700	343	-2
T&N	781	187	-3
TI Group	726	395	-3
TSB	5,800	149	-2½
Tarmac	2,000	106	+1
Tate & Lyle	2,900	405	+4
Taylor Woodrow	214	86	
Tesco	9,700	265	-4
Thames Water	835	490	-3
Thorn EMI	1,300	840	-11
Tomkins	7,600	249	+4
Trafalgar House	1,700	65½	-1½
Unigate	539	314	-6
Unilever	1,800	1061	-½
United Biscuits	2,300	366	+1
Utd. Newspapers	610	499	+5
Vodafone	1,500	408	-9
Warburg (SG)	788	539	+10
Wellcome	1,200	913	-12
Welsh Water	330	524	-1
Wessex Water	39	509	+3
Whitbread 'A'	1,700	477	-4
Williams Hldgs	1,600	340	-4
Willis Corroon	495	191	-1
Wimpey	497	109	
Wolseley	726	541	-5
Yorkshire Elect.	380	482	+2
Yorkshire Water	481	528	

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:	Jan 4	Jan 18	Feb 1
Option Declarations:	Jan 14	Jan 28	Feb 11
Last Dealings:	Jan 15	Jan 29	Feb 12
Account Day:	Jan 25	Feb 8	Feb 22

*New time dealings may take place from 8.30am two business days earlier.

Hints of switching in BT

HUGE turnover in both classes of BT shares dwarfed the rest of the London market yesterday and prompted renewed speculation over institutional manoeuvring ahead of the expected sale of the remaining tranche of shares held by the government. Broker Smith New Court conducted the business, which saw three blocks of 9m shares and one of 4.5m in the partly-paid traded at 285½p. Turnover reached 35m as the stock added 2 at 285p.

In the fully-paid, 4 blocks of 9m traded at 399p, a large premium to the then ruling market price, which closed 2 up at 390p after volume of 36m. There were suggestions of switching from the partly to the fully-paid. The government announced its intention to sell its remaining 21.8 per cent stake – 1.34bn shares, dubbed BT3 by the City – two months ago. Speculation has been made about a July sale date, which at yesterday's price would raise in the region of £5bn for the government.

Guinness tumbles

The surprise announcement by Guinness of a £125m provision to fund rationalisation sent its shares tumbling and reinforced nervousness surrounding current trading, due to be detailed to analysts from tomorrow.

While the provision is to be made against the year ended December 1992, analysts were preparing to reduce estimates for 1993 and predicted that the shares would remain weak for the next 18 months. Yesterday they dropped 21 to 473p in turnover of 7.9m.

Further pressure came as news broke that Spanish beer sales fell 5 per cent last year. That will increase the gloom surrounding Guinness's Spanish subsidiary. In addition, LVMH, in which Guinness has a 24 per cent crossholding, had its shares suspended yesterday on the Guinness announcement and said 1992 sales would be "slightly lower" than in the previous year.

Reckitt tussle

A clash of views erupted in the market over health and household goods group Reckitt & Colman. Agency broker James Capel decided it was time to buy the shares while Smith New Court wanted little to do with them.

The Capel view was based on the stock's recovery potential. It said the company's price-earnings ratio was at a 25-year historic relative low and argued that the Reckitt, which derives about 70 per cent of its profits from overseas, will have currency-related gains in 1993 but will also see underlying growth in 1993 and 1994.

Meanwhile, Smith New Court decided that there was more value to be found in SmithKline Beecham. Pharmaceuticals analyst Mr Paul Woodhouse shaved his 1992 Reckitt profit forecast by £7m to £248m and advised clients to switch their investments into SmithKline which he feels offers better growth potential.

Reckitt shares showed a healthy 12p gain at one stage but the tightly traded shares were sold down later to close only 4 higher at 642p. SmithKline ended 6 higher at 475p in the 'A's and 416p in the Units.

A trade press report that German group Knauf was expanding its first plasterboard production plant in the UK hit shares in rival BPB Industries, which supplies 90 per cent of British plaster. Details of the Knauf plan remain sketchy and analysts downplayed the significance of the move. The shares fell 13 to 187p.

The shares were also said to be suffering after a good run and fears that the French economy will be slow to emerge from recession. BPB has significant French interests. Also dragged down with BPB, were RMC Group, off 6 at 557p, Redland, down 9 at 422p and English China Clays 18 adrift at 449p.

Rank Organisation's categorical refusal to consider any offer for its film business disappointed some in the market and the shares fell 10 to 701p. A consortium had been put together to mount a bid which some analysts thought Rank might consider given its debt position. Although a deal looks unlikely, leisure specialists said Rank may consider a £100m plus offer for its Odeon chain of cinemas.

Weakness in Thorn EMI was attributed to talk of poor UK music sales figures for December, although analysts pointed out that the more important US market had had a good Christmas trading period. Thorn is said to be due to start briefing analysts next week on its overall trading position and rumour has it that sales are slightly ahead of market expectations. The shares retreated 11 to 840p.

Conglomerate Hanson was slightly firmer against the trend following meetings with about 165 analysts in New York on Monday. Hanson observer Mr Jack L. Kelly of Goldman Sachs said the company had moved from being "cautiously optimistic" to "optimistic" on the potential in the US, where it generates half of its earnings.

It had also signalled a commitment to returning to its core businesses, a move expected to make the company more comprehensible to US investors. The shares firmed 1¾ to 137¾p.

ICI slid 11 to 1087p after falling on Wall Street.

Shell Transport eased 3 to 530p with both NatWest Securities and Strauss Turnbull issuing bearish notes.

Reports in an authoritative US trade journal that the state of California planned to stop reimbursements for ulcer drugs gave an opportunity for heavy selling of Glaxo shares. The stock opened higher on the back of heavy buying on Monday but turned round to record a fall of 17 at 723p with unusually heavy turnover of 11m shares.

UK analysts said the Californian decision was worth about $50m in total and substantially less with regard to Glaxo's key drug, Zantac. Most specialists said concerns that the West Coast move would start a nationwide trend were groundless. However, they suggested UK institutions were looking for an excuse to sell the shares.

High Street bank Lloyds fell 12 to 506p on speculation that it might be poised to take up the remaining stake in its Abbey Life subsidiary when it announces results in early February. Profit-takers were also at work.

Hong Kong bank HSBC saw very heavy turnover with investors switching from the ordinary to the Hong Kong registered. The registered rose 7½ to 505p with 9.7m traded while the ordinaries closed 4 up at 523p on turnover of 12m. The nature of the shares means that UK institutions are automatically under weight and selling is easily mopped up.

A warning from Dalepak Foods that this year is likely to be worse than last sent the shares crashing 66 to 317p.

Asda shares edged forward 2¼ to 65¼p in steady volume of 13m. Talk of executive moves was again heard. A recommendation, said to be from UBS Phillips & Drew, to switch from Tomkins added 4 to 249p, after a recommendation from NatWest Securities.

Airline British Airways eased 6 to 268p on US selling. Lehman Brothers became the latest house to reduce current year estimates shaving £50m off its previous forecast to reach a new figure of £240m. However Mr Chris Will, European airlines analyst at Lehman said, "it is time to buy BA again."

The £14.2m disposal of its water and waste treatment helped Simon Engineering bounce 11 to 121p. Swiss Bank Corporation was a big seller of British Aerospace amid suggestions of problems with the proposed deal between Taiwan Aerospace and BAe on its regional aircraft division. The shares fell 9 to 176p, with selling of the stock in the traded options also a feature.

Shares in Rolls-Royce gave up 6 to 108p, with Henderson Crosthwaite said to have downgraded profit expectations. Vosper Thornycroft were wanted and among a handful of stocks that bucked the market trend jumping 8 to 457p, to reach an all time high.

Strong bid speculation returned to Lucas Industries. The shares jumped 6 to 144p, with suggestions an offer in the near future at around 175p.

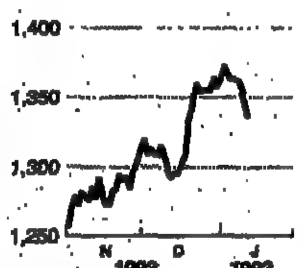
Radio station GWR rose 12 to 310p after a 12.6 per cent placing of the company's shares at 310p a share.

Property development group Shaftesbury was one of the few property stocks to gain ground, the shares racing up 6 to 45p after recent news that Lloyds Investment Managers had increased its stake in the company from 17 per cent to 21 per cent.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo,
Peter John.

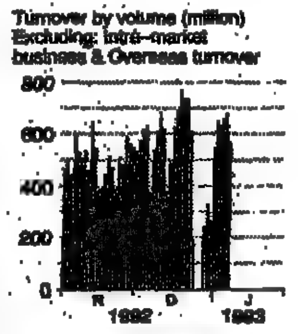
■ Other market statistics, Page 17

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (84).
AMERICANS (1) Echlin, BREWERS (1) Vaux, BUSINESS SERVS (2) Barbour Index, Serco, CHEMS (3) Evode, Do 7p Prf., Halstead (J), CONTG & CONSTRCN (1) Sheriff, ELECTRICALS (5) Jones Stroud, Motorola, Pilco, Do A, Scholes, ELECTRONICS (5) Acorn, Kode, Scantronic, Telemetrix, Tunstall, ENG GEN (2) TT, Vosper, FOOD MANUF (1) Barr (AG), FOOD RETAILING (1) ASDA, HEALTH & HSEHOLD (1) Tamaris, HOTELS & LEIS (1) Manchester Utd., INSCE LIFE (1) Transatlantic, INV TRUSTS (11) Abtrust New Thai, Gartmore Emrg. Pacific, Gartmore Value Zero Pf., JF Pacific Wrt., Mid Wynd, Murray Enterprise, Olim Zero Pf., SHIRESCOT, Siam Selctive Gwth., Trust of Prop., Worth Inv., MEDIA (4) Abbott Mead Vickers, Central ITV, TVS Ents., Do 7.4pc Pf. '08, MERCHANT BANKS (1) Rea Bros., MTL & MTL FORMING (1) Tinsley (E), MISC (6) Alumasc, Chemring, Danka, Faber Prest, Laser-Scan, Lincoln House, MOTORS (1) Burndene, OIL & GAS (1) Evergreen Res., OTHER FINCL (1) Investment Co., PACKG, PAPER & PRINTG (4) Benfroes, Boxmore, Britton, Flotax, STORES (2) Next, Ratners 6⅞pc Pf., TEXTS (1) Celestion, TRANSPORT (4) Dawsongroup, Forth Ports, Mersey Docks, Sea Containers, WATER (1) Cheam, MINES (1) Monarch Res.
NEW LOWS (17).
CANADIANS (2) Brascan, Gulf Canada, BREWERS (1) Guinness, ENG GEN (1) Platon, INV TRUSTS (5) Archimedes Inc., Contra-Cyclical Inc., Gartmore Scot. Inc., German Smllr. Co's Wts., JF pacific Wrt., MISC (1) Hornby, OIL & GAS (1) Ranger, PROP (1) Herring Baker Harris, TEXTS (1) Cupid, MINES (4) Doornfontein, Harmony, Hemlo, Joel (HJ).

FINANCIAL TIMES EQUITY INDICES

	Jan 12	Jan 11	Jan 8	Jan 7	Jan 6	Year ago	High	Low
Ordinary share	2137.0	2150.3	2176.8	2193.3	2194.8	1910.4	2209.9	1670.0
Ord. div. yield	4.40	4.36	4.32	4.29	4.27	4.73	5.34	4.23
Earning yld % full	6.04	5.99	5.93	5.89	5.87	7.08	-	-
P/E ratio net	21.11	21.29	21.49	21.67	21.72	17.74	21.93	15.79
P/E ratio nil	19.50	19.67	19.86	20.01	20.07	16.74	-	-
Gold Mines	61.3	62.4	61.9	62.2	60.9	152.3	160.6	60.4

*for 1992/93. Ordinary share index since compilation: high 2209.9 4/1/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2152.0	2149.5	2148.9	2141.4	2147.2	2147.0	2144.8	2138.5	2140.3	2152.3	2136.9

Volume	Jan 12	Jan 11	Jan 8	Jan 7	Jan 6	Year ago
SEAQ Bargains	26,977	31,105	31,825	31,524	31,153	27,193
Equity Turnover(£m)†	-	1294.5	1492.3	1369.4	1332.6	1008.6
Equity Bargains†	-	35,969	35,479	35,377	38,171	26,003
Shares traded (mil)†	-	[illegible]	680.2	660.6	631.7	425.8

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

WORRIES ABOUT the poor economic outlook led to a dull day in both stock index futures and traded options, writes Joel Kibazo.

Early firmness for the March FT-SE future contract, which opened at 2,797, faded and the contract fell to 2,784 at around 10.30am as profit-taking became the order.

March regained momentum to trade uneventfully for the next few hours, before traders caused another sell-off at around 2.30pm as they focused on the weakness in the gilts market due to the imminent auction and a lack of strong support from Wall Street.

Sellers continued to emerge for the rest of the session, sending the contract further into retreat and pulling the underlying cash market lower. March fell to the session's low of 2,770 just ahead of the close.

Light bargain hunting helped the contract recover a little to finish at 2,774, down 31 from Monday's close and some 2 points above its estimated fair value premium to cash of around 14. Turnover fell to 6,542 lots.

Volumes were also down in the traded options. The day's total of 26,739 was well below Monday's 34,506 lots. Some 10,929 contracts were dealt in the FT-SE 100 option, although the Euro FT-SE 100 option only saw 311 lots transacted.

J. Sainsbury was the busiest stock option with a total of 2,211 lots traded, followed by Grand Metropolitan with 1,106 contracts.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2757.9 −15.5	2879.1 −10.8	1336.17 −6.73

	Jan 12	Day's change %	Jan 11	Jan 8	Jan 7	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2757.9	−0.6	2773.4	2799.2	2816.5	2516.3	6.74	4.40	18.69	2.44
FT-SE Mid 250	2879.1	−0.4	2889.9	2932.7	2940.3	2377.4	6.66	4.50	19.09	2.61
FT-SE-A 350	1355.9	−0.5	1363.0	1377.2	[illegible]	1211.7	6.72	4.42	18.77	1.22
FT-SE SmallCap	1411.36	−0.2	1413.55	1419.18	1410.20	−	−	[illegible]	−	0.81
FT-SE SmallCap ex Inv Trusts	1419.57	−0.2	1422.34	1427.91	1417.70	−	6.43	4.79	21.93	0.83
FT-A ALL-SHARE	1336.17	−0.5	1342.90	1356.35	1362.73	1197.28	−	4.43	−	1.18
1 CAPITAL GOODS(211)	870.92	−1.1	881.03	894.12	896.64	755.22	6.47	4.94	20.24	1.00
2 Building Materials(27)	882.69	−1.8	898.87	920.11	923.84	889.50	5.79	6.11	24.61	0.30
3 Contracting, Construction(29)	725.73	−1.2	734.45	745.23	745.81	833.62	3.54	6.70	87.67	0.20
4 Electricals(14)	2542.52	+0.2	2537.79	2582.56	2565.24	2406.37	6.34	5.70	20.71	0.00
5 Electronics(35)	2317.09	−1.0	2339.47	2356.97	2358.58	1692.96	6.66	3.67	19.04	13.04
6 Engineering-Aerospace(7)	299.15	−2.8	307.80	314.80	318.47	342.93	11.84	7.84	10.76	0.00
7 Engineering-General(52)	519.76	−0.4	522.01	533.97	534.97	[illegible]	7.90	4.58	16.38	0.27
8 Metals & Metal Forming(11)	327.54	−1.0	330.80	[illegible]	338.24	308.75	5.33	4.03	27.32	0.14
9 Motors(18)	386.15	+0.1	385.83	392.97	393.94	280.38	5.11	6.07	28.86	0.00
10 Other Industrials(18)	1968.99	−1.4	1996.84	2015.75	2021.00	1565.96	6.32	4.31	19.22	0.39
21 CONSUMER GROUP(232)	1706.05	−0.8	1719.86	1734.81	1744.70	1639.28	6.84	3.45	18.19	2.20
22 Brewers and Distillers(28)	1966.20	−1.4	1994.13	2011.98	2025.75	2050.66	8.51	3.86	14.59	10.09
25 Food Manufacturing(22)	1323.47	−0.6	1332.12	1358.99	1356.95	1237.64	7.95	3.94	15.72	0.04
26 Food Retailing(18)	3327.21	−0.4	3339.77	3374.53	3399.14	2359.11	7.76	3.05	16.78	0.00
27 Health & Household(29)	4020.56	−1.0	4062.14	4056.15	4067.49	4654.94	5.54	2.62	21.04	0.00
29 Hotels and Leisure(20)	1285.24	−1.5	1304.62	1319.23	1305.52	1244.08	6.55	5.36	20.06	6.19
30 Media(33)	1823.51	+0.1	1822.44	1834.75	1851.30	[illegible]	5.47	2.85	22.83	0.94
31 Packaging and Paper(23)	785.95	−0.5	789.65	798.09	800.31	761.76	6.64	4.15	18.69	0.00
34 Stores(39)	1117.09	−0.6	1123.44	1139.15	1162.23	980.08	6.47	3.25	20.54	0.36
35 Textiles(20)	756.54	−0.2	758.15	769.43	763.01	598.88	8.51	4.20	19.45	0.00
40 OTHER GROUPS(146)	1428.92	—	1429.43	1441.08	1446.13	1184.33	8.58	4.86	14.37	1.21
41 Business Services(27)	1554.22	+0.2	1551.45	1562.28	1555.11	1408.48	5.75	3.31	21.44	0.04
42 Chemicals(24)	1432.10	−0.8	1444.40	1450.11	1462.83	1398.41	6.40	5.11	19.69	0.20
43 Conglomerates(11)	1403.77	+0.6	1395.87	1419.05	1432.33	1302.23	7.56	7.63	15.06	0.00
44 Transport(16)	2706.59	−0.3	2715.09	2757.25	2780.66	2374.28	8.32	4.39	14.45	1.04
45 Electricity(16)	1557.08	+0.3	1552.91	1555.20	1549.42	1124.48	13.92	4.88	9.23	3.34
46 Telephone Networks(4)	1647.26	+0.1	1646.21	1657.87	[illegible]	1376.52	8.09	4.15	16.07	1.56
47 Water(13)	3247.57	−0.1	3251.90	3277.98	[illegible]	2202.48	14.07	5.46	7.90	11.83
48 Miscellaneous(32)	2452.66	−0.2	2456.97	2476.69	2487.76	1817.17	5.85	4.19	21.14	0.12
49 INDUSTRIAL GROUP(589)	1411.73	−0.6	1420.55	1433.97	1440.35	1270.64	7.36	4.19	16.97	1.67
51 Oil & Gas(18)	2144.92	−0.3	2151.50	2183.58	2210.98	2179.86	6.22	6.05	21.12	0.00
59 "500" SHARE INDEX(604)	1482.42	−0.6	1491.93	1506.12	1514.02	1351.68	7.25	4.37	17.31	1.49
61 FINANCIAL GROUP(89)	875.35	−0.2	876.71	885.33	887.29	700.10	−	5.02	−	0.06
62 Banks(9)	1191.14	+0.1	1190.27	1196.20	1202.24	825.48	5.07	4.68	28.86	0.00
65 Insurance (Life)(8)	1745.97	−0.5	1754.34	1778.84	1784.14	1414.69	−	6.21	−	0.00
66 Insurance (Composite)(7)	634.01	−0.2	635.28	650.50	647.85	505.38	−	4.75	−	0.00
67 Insurance Brokers(10)	792.66	−0.8	798.89	805.01	807.98	972.50	7.85	6.74	17.55	0.00
68 Merchant Banks(6)	509.78	+0.8	505.48	512.21	517.87	449.95	−	4.48	−	0.00
69 Property(28)	640.91	−0.7	645.71	646.15	645.36	760.62	8.76	6.61	14.78	0.02
70 Other Financial(23)	300.70	−1.2	304.49	307.47	308.84	232.24	7.20	5.64	18.26	0.05
71 Investment Trusts(107)	1322.68	+0.1	1321.21	1331.54	1332.07	1177.84	−	3.18	−	1.56
99 FT-A ALL-SHARE(800)	1336.17	−0.5	1342.90	1356.35	1362.73	1197.28	−	4.43	−	1.18

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2774.1	2776.2	2777.3	2768.5	2772.2	2769.8	2768.6	2761.0	2758.2	2778.4	2757.4
FT-SE Mid 250	2890.5	2888.8	2885.9	2878.4	2882.0	2882.0	2882.3	2881.0	2879.4	2890.5	2878.1
FT-SE-A 350	1363.3	1363.9	1364.1	1359.9	1361.7	1360.8	1360.4	1357.3	1356.0	1364.9	1355.7

Gross dividend yield (ACT at 25%) FT-SE 100: 4.40%

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Construction	1451.2	1448.2	1443.3	1439.3	1439.4	1438.4	1438.4	1436.0	1435.4	1435.4	1464.7	-19.3
Health & H	1225.9	1230.9	1234.8	1230.5	1229.1	1222.6	1217.7	1210.6	1213.7	1213.4	1226.3	-12.9
Water	1347.6	1349.3	1348.1	1346.0	1346.7	1346.0	1346.0	1343.0	1343.1	1342.6	1344.1	-1.5
Banks	1444.6	1448.1	1447.2	1443.7	1448.7	1450.0	1453.2	1445.4	1446.4	1447.1	1446.4	+0.7

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500".
The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.
The FT-SE Actuaries Share Indices are audited by The WM Company.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or −	1992/93 high	1992/93 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 8¼pc 1993	100¼xd	—	100½	97½	8.24	8.71
10pc 1993‡‡	100⅞	—	101⅞	98⅞	9.93	6.88
12½pc 1993‡‡	102½xd	—	104⅞	100½	12.14	6.58
Funding 6pc 1993‡‡	99⅝	+⅛	100	95⅞	6.01	6.23
Treas 13¾pc 1993‡‡	105½	—	107⅝	103⅛	12.98	6.85
8¼pc 1994	101⅛xd	—	102⅝	96⅛	8.34	6.85
14½pc 1994‡‡	108⅛	—	110⅛	104½	13.37	6.85
Exch 13½pc 1994	108⅛	—	110⅛	103½	12.46	6.89
Treas. 10pc Ln. 1994‡‡	104½	—	105½	98½	9.57	6.84
Exch 12½pc 1994	108⅞	—	110⅞	103⅞	11.61	6.77
Treas 9pc 1994‡‡	102⅞	+⅛	104⅛	96⅞	8.88	6.74
12pc 1995	109¼xd	+⅛	111⅞	102½	10.98	6.89
Exch 3pc Gas 90-95	94⅞	—	95⅞	88⅞	3.17	5.36
10¼pc 1995	107½xd	+⅛	108⅞	99⅞	9.62	6.89
Treas 12¾pc 1995‡‡	114⅞	+⅛	116⅞	108⅞	11.12	6.98
14pc 1996	117½xd	+⅛	119⅞	109½	11.89	7.36
9pc 1992-96‡‡	100½xd	—	104⅞	98⅞	8.99	7.07
15¼pc 1996‡‡	122½	—	125⅞	113⅞	12.42	7.28
Exch 13¼pc 1996‡‡	117⅞	+⅛	118⅞	108	11.32	7.42
Conversion 10pc 1996	109⅞	+⅛	110⅞	99⅞	9.17	7.27
Treas 13¼pc 1997‡‡	119½xd	—	121½	109⅞	11.07	7.32
Exch 10½pc 1997	110⅞	+⅛	112⅞	100⅞	9.48	7.40
Treas 8¾pc 1997‡‡	102⅞	+⅛	107⅞	94	8.28	7.31
8¾pc '97‡‡	108	+⅛	108⅞	100⅛	8.28	7.32
Five to Fifteen Years						
Exch 15pc 1997	129⅛	+⅛	131⅞	117⅞	11.62	7.65
9¾pc 1998	108⅞xd	—	111⅞	97⅞	8.90	7.45
Treas 7¼pc 1998 (£25 pd)	25⅞	—	27⅞	24⅞	7.26	7.28
Treas 6¾pc 1995-98‡‡	98⅞	—	99⅞	89⅞	6.88	7.22
15½pc '98‡‡	134⅞	—	137⅞	123⅞	11.52	7.88
Exch 12pc 1998	118⅞	—	121⅞	107⅞	10.71	7.95
Treas 9½pc 1999‡‡	108⅞xd	—	111⅞	97⅞	8.75	7.70
Exch 12¼pc 1999	120⅞	—	123⅞	109⅞	10.19	8.05
Treas 10½pc 1999	113⅞	—	116⅞	101⅞	9.27	7.82
Conversion 10¼pc 1999	112⅞	—	115⅞	100⅞	9.11	7.87
9pc 2000‡‡	108	—	108⅞	94⅞	8.49	7.83
Treas 13pc 2000	125⅞xd	+⅛	128⅞	114⅞	10.35	8.27
10pc 2001	109⅞	—	113⅞	99⅞	9.10	8.30

BRITISH FUNDS - Cont. — Over Fifteen Years; Undated; Index-Linked; OTHER FIXED INTEREST: [illegible]

Continued on next page

AMERICANS

	Notes	Price £	+ or –	1992/93 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	h	18⅝xd	–⅛	21⅛	14⅝	16,378	2.1
Allegheny & W.	♥	423p	—	454p	226p	219.8	4.5
Amdahl		431p	+6	1198p	438p	606.5	1.4
Amer Cyanamid		35⅝	–⅛	38⅝	28⅝	3,234	2.9
Amer Express		16⅛xd	–⅛	16⅜	10⅞	7,678	4.0
Amer T & T		33⅝xd	–⅛	34½	20⅛	44,062	2.5
Ameritech		46⅛	—	47½	32½	20,258	5.0
BankAmerica		29⅛xd	+⅛	31⅛	19⅛	10,013	2.6
Bankers NY		43½xd	+⅛	46⅛	28⅝	3,491	4.5
Bell Atlantic		32⅝	+⅛	34⅝	23⅛	13,977	5.1
BellSouth		33½	–⅛	35⅛	25	16,536	5.3
Bethlehem Steel	♥	10xd	–½	10⅞	5⅛	904.6	–
Bowater		1484pxd	–28	1637p	905p	539.5	5.2
CPC	h	30⅛xd	+⅛	34	22⅛	4,657	2.5
Cadiz Land Inc	♥	115p	—	342p	106p	–	–
California Engy		1096p	—	1096p	591p	199.5	–
Chase Manhattan		18⅛xd	+⅛	18½	9⅛	2,708	4.2
Chrysler		23⅛xd	+⅛	23⅛	6⅛	6,945	1.6
Citicorp		13½xd	+⅛	14⅛	5⅛	5,023	–
Colgate-Palm		35⅛xd	+⅛	42⅛	25⅛	5,629	2.2
Cont'l Bank		1320p	–1	1444p	489p	1,353	2.9
Dana		31⅛xd	+⅛	31⅞	14⅞	1,427	3.2
Data General		789p	+10	1004p	384p	215.2	–
Decora Inds.	♥	146p	—	146p	66p	–	–
Dun & Brad		37⅛	+⅛	38⅝	27⅝	6,735	3.8
Eaton		51⅞	–⅛	54½	32½	1,791	2.7
Echlin		15⅛xd	+⅛	15⅛	7⅝	902.7	2.8
FPL		23⅛xd	–⅛	24⅛	17⅞	4,248	6.7
Ford Motor		28⅛xd	–⅛	28⅞	15	14,167	2.2
Gen Elect		55⅛xd	+⅛	57⅛	36⅛	47,492	2.9
General Host	♥	591p	+5	611p	360p	–	3.8
Gillette		35⅛xd	+⅛	40	23⅞	7,769	1.3
Hasbro		26⅞	—	29½	12⅞	1,812	0.6
Honeywell	h	21⅛xc	—	22⅞	16	6,823	2.6

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or −	1992/93 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv	♣□	183½xd	+½	188	147	3.4	218.8	15.4
Warrants	□	38½	+½	41	21	–	–	–
Scot Mortgage	♣†□	189	—	184½	135	2.8	206.5	12.8
Scot National Inc	♣□	98½	—	107	65¾	13.8	–	–
Cap	□	18	—	42	12½	–	44.5	59.5
Stepped Pf		162½	—	155½	125	5.3	–	–
Zero Div Pf		210	+½	210	166½	–	–	–
Warrants		4½	—	9	3	–	–	–
Scot Value	†a	71	—	72½	48	3.4	69.8	−1.8
Sec Alliance	♣	1394	+4	1433	1066	3.5	1516.5	8.1
Second Market	s	257	—	257	222	0.8	294.6	12.9
Sec Tst Scot	♣□	75	—	77½	61	6.8	78.4	4.4
Select Assets		113	—	114	78½	1.0	155.5	27.3
Eq Ind Serl		128xd	—	130	106	4.4	–	–
Eq Ind Serl		128xd	—	130	108	4.4	–	–
SHIRESCOT	aH	109	+2	109	96	6.4	111.6	4.1
Shires	♣	232	—	249	198	10.8	229.9	−1.1
11pc Cv Ln '03/04		£117½	—	£119½	£95½	9.4	–	–
Siam Select		104	+2	104	68	0.3	138.5	24.8
Warrants		16	—	21	10	–	–	–
Smaller Cos	□	80	+2	85	66	4.2	90.1	11.2
Warrants		14	—	28	10	–	–	–
Sphere Inc	N□	14	—	20	9½	29.5	21.3	36.9
Zero Div Pf		81½	+½	81½	63¾	–	–	–
Summit		39	—	55	30	4.3	93.2	58.7
TR City of Lon	□	127	—	131¼	97½	5.8	123.0	−3.1
TR Euro Growth	♣□	77	—	98	70	2.3	95.4	19.3
Ptg Sub		29	—	64	28	6.2	–	–
TR Far East Inc	♣□	115	−1	117	76	5.2	119.5	3.8

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis.
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for [redacted].
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion.

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE:

OFFER PRICE:

BID PRICE:

CANCELLATION PRICE:

TIME:

HISTORIC PRICING:

FORWARD PRICING:

SCHEME PARTICULARS AND REPORTS:

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2138.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sharp (Albert E.) & Co (1000)F						
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex						
Enquiries. 0277 227300 Dealing 0277 261010						
European	5	100 00	100 00	105 00		
Intl Bond & Conv	5	118.20	118 60	124.80	+0 30	1 80
Pooled Pension ♦	7	146 0	149.0	160 2		5 79
Smaller Cos	5	57.81	59 63	62 77	-0 44	2.17
UK General	5	113.30	115.00	121.10	-0.60	2.96
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071 407 5966						
Income	5	371.24	371.24	393 51	-0.51	5.24
Global Inc	5	52.69	52.69	55.85	-0.14	4.35
Brit Leaders	5	308.9	308.9	327.43	-0.52	3 12
Intl Leaders	5	167.91	167.91	177 98	-0.42	1 84
F&C Nat Sel Gth Inc ♦	3¼	49 85	51 11	53 40	-0.44	3.20
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
European Trust	6	46.42	46.49	49 46	-0 04	1.71
Far Eastern Tst	6	51.76	52 54	55.94	-0 14	0 88
Smaller Cos	5	129.5	134.3xd	142.9	...	2 96
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS 071-637 5377						
S & W American ♦	5	257 4	257 9xd	272.9	-4 0	1.00
S & W Capital	5	108 1	108.1	115.8	-1 0	2.01
S & W Cash ♦	0	101.93	101.93	101 93	+0 04	6 67
S & W European	5	103.6	103.8	109.8	-1.30	1.06
S & W Far Eastern	5	104.9	105.9	112 1	-1.0	0.00
S & W Growth	5	115.9	117 3	124 1	-1.5	1.57
S & W Income	5	103.6	104 9	110 9	-0.9	5.58
S & W Magnum	5	113.9	113.9	122.1	-1 0	1.95
S & W Smllr Secs	5	275.1	280.6	296.9	-1 0	0 75
S & W Thoroughbred	5	131.5	131.5	141 0	-1 2	1.83
Societe Generale Touche Remnant (1200)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250						
American Gwth	5¼	76 42	76 42	81.73	-0 77	0
Eur Sp Sits Acc	5¼	39 81	39 81	42.30	-0.03	0
Eur Sp Sits Inc	5¼	37.60	37.60	39 95	-0 03	0
Far East Opps Inc	5¼	25.58	25 58xd	27 65	+0 02	0
Far East Opps Acc	5¼	26 29	26 29	28 41	+0 02	0
General Growth	5¼	92.98	92.98	99 86	-0.24	2.56
General Growth Acc	5¼	95 33	95.33	102.30	-0.30	2.53
Global Tech	5¼	113.80	113.80xd	122.80	+0.20	0
Income Growth	5¼	92 12	92.12	99 13	-0.49	4.23
Income Growth Acc	5¼	93 88	93.88	101 00	-0.70	4.23
Income Monthly	5¼	53 67	53.67	57.40	-0.09	6.05
Japan Growth	5¼	58.21	58 21xd	61.88	-0.20	0
Overseas Growth	5¼	64.90	64.90xd	69.07	-0.17	0
Smaller Cos	5¼	63.94	63 94	68.75	....	2.32
Special Opps	5¼	84 44	84 44	90 79	+0 17	2.54
Wwde Sp Sit Acc	5¼	39.00	39 00xd	42 02	-0 19	0
Wwde Sp Sit Inc	5¼	38.92	38 92xd	41.92	-0.19	0
SGTR Pension Portfolio						
American Growth	6	45.76	46.50	49 29	-0 47	–
Eur Sp Sits	6	32.01	32.32	34 26	-0.02	–
General Growth	6	34.31	34 98	37.08	-0.11	–
Global Tech	6	44 55	45 68	48.42	+0.08	–
Income Growth	6	30 98	31 59	33.49	-0.23	–
Japan Growth	6	18.22	18.40	19.51	-0 06	–
Managed Equity	6					–
Overseas Growth	6	28.21	28.52	30 23	-0 08	–
Smaller Cos	6	16 48	16 83	17 84	-0.08	–
Special Opps	6	19.39	19.81	21 00	+0 04	–

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Whittingdale Unit Tst Mgmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT 071-600 0462						
Challenger	2½	86 75	86 75	88 77	-0 58	0 00
Short Dtd Gilt	1¼	107.1	107 1	108.5	-0.20	4.47
U.S. Govmt Bond	1¼	0.7049	0 7049	0.7143	-0.0004	0 00
Gilt Income	4	50 58	50.58xd	52 63	-0 15	8.69
Gilt Growth	4	62 98	62 98xd	65 54	-0 20	0 00
City Reserve	0	51.92	51.92xd	51.92	+0.01	6 92
Woolwich Unit Trust Managers Ltd (1700)H						
1 White Oak Square, Swanley BR8 7AG 0705 388046						
Stockmarket Fd F.	5	63 41	63 59	67 64	-0.40	2.35

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Baillie Gifford & Co Ltd				
Int'l Exmt Jan 6	1631.5	651 21		1 07
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071 214 1050 (general enquiries) 071 214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	51 95	53.85	-0.40	4.8
Income Plus	48 70	49 60	-0 26	7.5
James Capel Fund Managers Ltd				
European Exempt	97.2891	98.3537	+0.1271	1.83
Japanese Exempt	99.2818	100 7	-0 165	–
Managed Exempt	128.905	127.716xd	+0.165	3 83
North American Exempt	95 2465	96.5289	-0.2984	1.24
Pacific Exempt	96.8640	99 4649	-0 1444	–
Cent. Bd. of Fin. of Church of England				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Inv Fund Dec 31	582 50	586.60	-	5.08
Fxd Int Sec Dec 31	151 95	152.70	...	9.50
Deposit Fund. See Money Market Trust Funds				
Charinco/Charishare (2000)F				
33 King William Street, EC4R 9AS 071-280 2800				
Charinco Inc	172.4	174 5	-0 60	9.40
Charinco Acc	1011	1023	-3.00	9.40
Charishare Inc	181.5	185 6	-1.50	4.31
Charishare Acc	234 9	240.2	-2.00	4.31
CAFINVEST–Charities Aid Foundation				
48 Pembury Rd, Tonbridge TN9 2JD 0732 771333				
Balanced Growth	62.70	64.89	...	3.86
Income	58 68	59.78	...	7.36
COIF–Charities Official Inv Fds				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Income Dec 31	573 11	578.96	...	5.16
Accum Dec 31	2209 52	2215 xd	...	–
Fixed Int Income Dec 31	124 00	124 28	...	9 33
Fixed Int Accum Dec 31	159 85	160 17	...	–
Deposit Account: see Money Market Trust Funds				
Charity Fixed Int Fd/Charity Equity Fd				
33 Gutter Lane EC2V 8AS 071-382 6900 (Gen Enquiries)				

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
Cannon Assurance Ltd – Contd.				
2nd Series Pension Accumulation				
Equity	936 6	991 1	-3 1	–
High Income	676.1	715.4	-3 5	–
Capital Growth	112 6	119 2	-0 3	–
Property	415 5	439.7		–
Managed 2	192 2	203 4	-0 5	–
Managed	631.0	667 7	-2 4	–
Managed 4	202 3	214.3	-0.8	–
Deposit	492.0	520 6		–

	Bid Price	Offer Price	+ or -	Yield Gross
Crown Financial Management Ltd–Contd.				
Individual Pension Funds(z)				
American	117.0	123.1	-0 8	–
Building Society	186 7	196 5	+0 1	–
Equity	798.6	840 6	-2 6	0
European	256 3	269 7	-1 2	–
Fixed Interest	369.5	388 9	-0 8	–
Index Linked	197 5	207.8	-1 1	–
Investment Trust	306 6	322.7	-1 2	–
Japanese	180 0	189 4	-1 6	–
Managed	499 6	525 8	-1 2	–

	Bid Price	Offer Price	+ or -	Yield Gross
Guardian Royal Exchange – Contd.				
GRE Linked Life Assurance Ltd				
Managed Initial	392.0	412 7	-1 6	–
Do Accum	535 7	563 9	-2.2	–
Equity Initial	579 3	609 8	-2.1	–
Do Accum	791.6	833 3	-2.8	–
Fixed Interest Acc	522 1	549.5	-3 0	–
International Acc	498.3	524.5	-4 1	–
Nth American Acc	202.3	212.9	+0.3	–
Pacific Acc	222 1	233 8	+2 6	–
European Acc	85 4	89.9	+0.3	–

	Bid Price	Offer Price	+ or -	Yield Gross
Legal & General – Contd.				
Exempt Intl Initial	210 4	221.5	-1.2	–
Do. Accum	315 1	331.7	-1 8	–
Exempt Kingd. Init.	658.9	693.6	-1.6	–
Do Accum	1099 9	1157 8	-2.8	–
Exempt N Amer Init.	220.5	232.2	-0 4	–
Do Accum	283 1	298.0	-0 6	–
Exempt Prop. Init.	273.5	287.9	+0 1	–
Do Accum	456 6	480.7	+0.1	–
Sp Deposit Init.	231.0	243.2	...	–
Do. Accum	342.3	360.4	+0.1	–

	Bid Price	Offer Price	+ or -	Yield Gross
NM Life Assurance Ltd				
Enterprise House, Portsmouth 0705 827733				
Elite British	110.7	116.5	-0 8	–
Elite European	98.4	103 5	-1 9	–
Elite N American	106.5	112.1	-0 7	–
Elite Orient	96 4	101 4	-1.2	–
Elite Global Bond	122.3	128.7	-0 8	–
Elite Olympus	101 7	107.0	-1.2	–
Elite Growth	105.6	111.1	-1.	–
Elite Income	108.6	114 3	-0 7	–
American	375.4	395.1	-5 1	–

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

Prolific Life & Pensions Ltd
Stramongate, Kendall, Cumbria LA9 4UB 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Grth Mngd.	644.8	686.0	-1.2	-
Adventurous Mngd	153.8	163.7	-0.5	-
Cautious Mngd	122.7	130.6	-0.3	-
Cash Fd	316.1	333.1	---	-
Property Fund	216.1	229.9	----	-
Equity Fund	728.8	775.4	-1.4	-
Fxd Int. Fund	403.0	424.7	-0.4	-
International	321.6	342.2	-0.3	-
High Income	578.7	615.7	-0.4	-
Far East	421.4	448.3	----	-
North American	431.9	459.5	+0.3	-
Special Sits	537.3	571.6	-2.7	-
Technology	445.2	[illegible]	-0.1	-
Extra Inc Fd.	315.4	335.6	-1.7	-
Convertible & Gilt Fd	151.5	161.2	-0.3	-
American Income	172.8	183.9	+0.2	-
Gilt Fund 20	436.1	464.0	-1.2	-
European Fund	113.2	120.5	-0.6	-
Pref & [illegible]	110.2	117.3	-0.2	-
UK Blue Chip	115.9	122.2	-0.8	-
Recovery Fund	112.3	118.4	-0.9	-
Equity Income Dist.	103.6	110.3	-0.5	5.03
Managed Dist.	98.8	105.2	-0.4	5.68
High Yield Dist.	101.5	107.0	.....	8.62
Pension Funds				
Balncd Gth Mgd Pens Acc.	746.6	785.9	-3.7	-
Adventurous Mgd Pens Acc.	160.9	169.4	-0.7	-
Cautious Mngd Pens Acc.	141.3	148.8	-0.4	-
Building Soc. Acc.	364.3	383.5	......	-
Property Pens. Acc.	294.2	309.7	----	-
Fix. Int. Pens. Acc.	633.9	667.3	-0.9	-
Equity Pens. Acc.	935.2	984.5	-4.0	-
International Pens Acc.	296.1	311.7	-1.0	-
High Inc Pens Acc.	647.9	682.1	-4.5	-
Tech Pens Acc.	312.2	328.7	-0.6	-
N American Pens Acc.	327.6	344.9	-1.0	-
Far Eastern Pens Acc.	422.4	444.7	-0.5	-
Special Sits Pens Acc.	440.7	463.9	-2.8	-
Extra Income Pens Fd	385.5	405.8	-2.5	-
Convertible & Gilt Pen.	184.7	194.5	+0.1	-
American Inc Pens	196.4	206.8	-0.5	-
European Pens	125.2	131.8	-0.7	-
Managed Cash Pens	171.4	180.5	---	-
Pref & Fixed Pens.	128.2	135.0	-0.1	-
UK Blue Chip	122.7	129.2	-1.1	-
Recovery Fund	119.8	126.2	-1.2	-
Unitised With Profits Pens.	108.0	113.7	+0.1	-
Other Funds				
Margett Growth	[illegible]	123.6	+0.1	-
Margett Income	119.8	126.2	...	-
Margett Pension	127.7	134.5	+0.2	-
NCH Managed	-	-		-
B&B Select Mngd.	104.1	109.6	+109.6	-
JNJ Managed Pension	123.5	130.0	-1.6	-
IAS Managed	114.1	120.2	-0.1	-
Tomkinson Retirement P'folio	105.8	111.4	-0.6	-
FIC Prosperity	150.9	158.9	-1.0	-
Cap Retirement P'folio	131.3	138.3	-1.2	-
Pembroke Intl	91.6	96.5	-1.6	-
[illegible]	98.3	103.5	-0.2	-
IAS Pension Managed	138.3	145.6	-0.1	-
Capital Income & Growth	113.8	119.8	-1.0	-
Map Balanced Asset	107.2	112.9	-0.8	-
Countrywide Managed Pens	101.8	107.2	-0.8	-
[illegible]	102.2	107.6	-0.4	-
[illegible]	102.9	108.4	-0.7	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690565

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	158.0	166.3	-0.5	-
Accum Equity	239.0	252.0	...	-
Accum Managed	247.0	260.5	-0.5	-
Accum Five Star	174.0	184.0	-1.0	-
Accum World	132.5	140.0	-1.0	-
Accum Emerg Mkts.	200.0	211.0	+0.5	-
Pens Acc Equity	265.5	280.0	......	-
Pens Acc Managed	319.5	337.0	-1.0	-
Pens Acc Emerg Mkts.	229.5	242.0	+0.5	-
[illegible]	230.5	243.0	......	-
Pens Acc Five Star	191.3	202.0	-1.5	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc.	253.0	266.9	-1.9	-
[illegible]				

Reliance Mutual
Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd.	168.2	177.0		-
Equity Acc Fd	395.1	415.9	-3.0	-
Managed Acc Fd.	351.2	369.7	---	-
Prop Fd (1st Issue)	-	624.1	---	-
Prop Acc Fd (2nd Iss).	120.2	126.5	---	-
Unit Trust Mn. Fd.	140.3	148.7	---	-
RL Pension Funds				
Deposit Acc.	244.0	256.9	+0.1	-
Equity Acc.	292.5	307.8	-2.9	-
Fixed Int Acc.	245.0	257.8	---	-
Gilt Indx Lnk Acc.	184.7	194.5	---	-
Managed Acc.	387.3	407.7	--	-

J Rothschild Assurance PLC
J Rothschild House, Dollar Street, Cirencester
Telephone: 0285 640302 Helpline: 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
JRA/M&G Managed	112.6	118.6	-1.10	-
[illegible]	109.3	[illegible]	-1.20	-
JRA/St James's Place Mngd	113.0	119.0	-1.40	-
Deposit	100.3	105.6	...	-
Far East	110.8	[illegible]	[illegible]	-
Gilts	104.5	110.1	-0.40	-
Greater European	106.8	[illegible]	-0.80	-
North American	125.4	132.1	[illegible]	-
UK Equity	[illegible]	120.0	-1.40	-
Pension Funds				
[illegible]	110.4	116.3	-1.20	-
JRA/M&G Managed acc.	114.2	120.3	-1.20	-
[illegible]	107.9	113.6	[illegible]	-
[illegible]	111.5	117.4	-1.20	-
[illegible]	116.0	122.2	-1.20	-
JRA/St James's Pl Mngd Acc.	120.0	126.4	-1.10	-
Deposit cap.	100.1	105.4	.	-
Deposit acc.	103.5	109.0	+0.10	-
Far East cap	106.7	112.4	[illegible]	-
Far East acc.	[illegible]	[illegible]	-0.90	-
Gilts cap.	102.2	107.6	-0.50	-
Gilts acc.	105.7	111.3	-0.50	-
Greater European cap.	106.1	111.7	[illegible]	-
Greater European acc.	109.7	115.5	[illegible]	-
North American cap.	125.4	132.0	-1.00	-
North American acc.	129.6	136.5	-1.00	-
UK Equity cap.	112.8	118.8	-1.30	-
UK Equity acc.	116.7	122.9	-1.20	-

Royal Heritage Life Assurance Ltd
Peterborough Business Pk, PE2 6GG 0733 390000

	Bid Price	Offer Price	+ or -	Yield Gross
Multi Gwth	593.8		..	-
Multi Gwth A Cap.	388.1	408.5	.....	-
Multi Gwth A Accum.	593.8	625.1	--	-
Op Prop.	407.0	428.5	-0.1	-
Op Equity	838.6	882.8	-3.6	-
Op High Yld.	[illegible]	525.5	-1.5	-
Op Man	663.7	698.7	-2.2	-
Op Dep	369.2	388.7	..	-
Op Inc Dist.	198.4	208.9	-0.9	-
Op Itn Man	352.9	371.5	-1.8	-
Op Emerging Co's	363.1	382.3	+1.0	-
Op Money	102.8	108.3	..	-
European	94.7	99.7	-0.6	-
Pension Funds				
Property Ser B	754.6	794.4	-0.1	-
Equity Ser B	2551.2	2685.5	-14.6	-
Fixed Interest Ser B	940.6	990.2	-2.8	-
Managed Ser B	1266.3	1333.0	-6.4	-
Deposit Ser B	779.0	820.0	+0.7	-
Money Ser B	102.5	107.9	+0.1	-
Property Ser D	197.0			-
Equity Ser D	175.4		-1.6	-
Fixed Interest Ser D	237.3		-0.7	-
Managed Ser D	164.8		-0.8	-
Deposit Ser D	235.0		+0.2	-
Money Ser D	109.6		+0.1	-
Pension Unit Trust Funds				
Gartmore Global Ser B	201.8	212.5	-2.3	-
Gartmore NA Ser B	139.2	146.3	-2.3	-
Gartmore Pacific Ser B	347.9	366.3	-3.3	-
Henderson Acc Ser B	209.2	220.3	-3.1	-
Perpetual Mng Ser B	232.2	244.5	-1.7	-

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

GUERNSEY (REGULATED)

ISLE OF MAN (REGULATED)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Bid Price	Offer Price	+ or -	Yield Grs
John Govett Management (IoM) Ltd				
Dlr Geared Curr NAV Jan 8	$27 38			-
Paragon Plus Yen Jan 4	£9.99			-
Paragon Sup Res Jan 4	£11 32			-
SE Asian Wnt NAV Jan 7	$9.51			-
Govett Mgd Futs Jan 8	£14.35	15 70		-
Govett Mngd Futs Jan 8	$10.15	11 22		-
New Horizons Inv Jan 7	$15 87			-
New Horizons Inv Wts Jan 7	$8.00			-
Dlr Geared Bd Jan 8	$7 30			-
TBI Global Funds Limited				
Intl Stg Grwth	£20 86	21 97		-
Intl $US Grwth	$17.83	18 78		-
High Income Gilt	£26 06	27 02		-
International Equity	£21.11	22.23		-
International Bond	£22 65	23 48		-
Managed Currency	£27.63	27 92		-
Sterling Currency	£26 60	26 88		-
US$ Currency	$37.80	38 19		-
Irish £ Currency	I£15.35	15 52		-
R & H Fund Managers Ltd				
LFBI Sterling Fd.	£11.05	11 92		-
B.F. Offshore Inc Fd Ltd	£11.75	12.25		-
Target International (Isle of Man) Ltd				
IMC Offshore Fd	£9 48	10 27		-
Nelson Wines W/W $US	£9.73	10 03		-

	Bid Price	Offer Price	+ or -	Yield Grs
Lloyds Bank Trust Co (CI) Mngrs				
Lloydstrust Worldwide Port.	£2.470	2.594	..	1 32
Dealing Weekly on Thursday				
Management International (Jersey) Ltd				
Anchor Gilt Edge (z)	£9 73	9 78		9 61
Minerals, Oils Res. Shrs. Fd. Inc.				
Mores Jan 7	$13 44	13 72		2 92
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income(z)	53 7	56 0		8 03
UK Equity Fd (z)	223 7	238 0	-2	2 69
*Intl Bond Fd	97 0	100 0		7 07
*Sterling Mngd Asset Fd	558 7	589 0		5 00
*Sub day every Thurs.				
NatWest TrustCor Currency Fund (z)				
Dollar Class		$38.2560	+0.0028	-
Sterling Class		£27 0627	+0 0044	-
D-Mark Class		DM84 0661	-0 0137	-
Japanese Yen Class		Y7978 8012	+0 6298	-
Ashburton Replica Portfolio Ltd				
Ashburton Replica Pfolio Intl £	11 23	11 69		-
Ashburton Replica Pfolio Intl $	$10 25	10.65		-
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Jan 7	$33 72	35 87		-
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Grwth Fd	$3 8271	4.0671		-
Offshore Japanese Grwth Fd	$0 9040	0.9607		-
Offshore Am Grwth Fd	$6.5871	7 0002		-
Offshore Emerging Cos	$3.8768	4.1199		-
Offshore European Fd	$1 4665	1.5574		-
Offshore Global Bond	$0 9528	0 9926		-
Offshore Global Bond Acc	$0 9528	0 9926		-
Offshore Far Estrn Fd	$2 2131	2.3519		-
Offshore UK Growth Fd	$2 0450	2.1733		-

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

PO Box 468 St Helier Jersey

The Portugal Fund Limited

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Modest gains for dollar

THE DOLLAR gained ⅓ a pfennig against the D-Mark in European trading yesterday, but was pushed down again after Mr Lloyd Bentsen, the US Treasury Secretary Designate, said that the US had to reassert leadership in the Group of Seven leading industrial nations, *writes James Blitz.*

Mr Bentsen may have depressed the dollar at his nomination hearings, because his statement gave some strength to recent speculation that the G7 might act to put a cap on the recent rise in the dollar at a time when the US is trying to boost its trade position.

At the start of European trading, the dollar made some little headway against the German currency, partly due to the relative calm in the Exchange Rate Mechanism.

The US currency peaked at DM1.6350 in London, helped by continuing tensions in the Middle East, which tend to be positive for the US currency.

However, one analyst suggested yesterday that the dollar will probably be confined to tight range-trading in the run-up to Mr Bill Clinton's inauguration as US President later this month. There is growing uncertainty about whether Mr Clinton will announce a major fiscal package at the start of his presidency to stimulate the economy.

The dollar's recent gains had partly been the result of expectations that a fiscal stimulus would bring higher US interest rates, but recent signs of strength in the US economy are starting to undermine this view.

The dollar closed in London slightly firmer at DM1.6320 from a previous close of DM1.6305.

The D-Mark again showed little new strength inside the European Exchange Rate Mechanism. The French franc rose to a 6-week high against the German currency helped by news that France's inflation rate was at its lowest level since 1956.

With year-on-year inflation level down to 2.0 per cent, the French franc moved as high as FFr3.3924 to the D-Mark, a level not seen since the end of November.

However, the currency later lost some ground to the D-Mark, closing at FFr3.395. One analyst pointed out that the low inflation figure makes short term interest rates in France, which are still at between 11 and 12 per cent, look very punishing.

There was less tension surrounding the Irish punt, which traded above its floors against the Belgian franc and Dutch guilder for the second day running.

The only significant loser yesterday was sterling, which suffered a two pfennig fall against the German currency. Sterling yesterday closed at DM2.5125. Speculative selling orders from Scandinavia were cited as a factor behind the currency's fall. After last week's six-pfennig rally against the D-Mark, a technical correction was to be expected.

£ IN NEW YORK

Jan 12	Latest	Previous Close
£ Spot	1.5330-1.5340	1.5510 1.5520
1 month	0.57-0.54pm	0.59 0.58pm
3 months	1.45-1.42pm	1.47 1.44pm
12 months	4.18-4.05pm	4.10 4.00pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). *Rates are for Jan.11

OTHER CURRENCIES

Jan 12	£	$
Argentina	[illegible]	[illegible]
...	[illegible]	[illegible]
Luxembourg	51.70 - 51.80	33.55 - 33.65
Malaysia	3.9965 - 4.0070	2.5940 - 2.5950
Mexico	[illegible]	3.1125 - 3.1145
N Zealand	[illegible]	1.9475 - 1.9500
Saudi Ar	[illegible]	3.7495 - 3.7505
Singapore	2.5545 - 2.5610	1.6560 - 1.6570
S Af (Cm)	[illegible]	[illegible]
S Af (Fn)	7.4275 - 7.4815	4.8075 - 4.8425
Taiwan	39.25 - 39.40	[illegible]
U.A.E.	5.6720 - 5.6870	3.6715 - 3.6735

*Floating rate. Iran Official rate £100.35 $66.60

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 12	% Change from Central Rate	% Spread v Weakest Currency	Divergence Indicator
Portuguese Escudo	182.194	175.951	-3.43	4.76	54
Spanish Peseta	143.386	139.489	-2.72	4.00	44
Dutch Guilder	2.21958	2.20971	-0.44	1.62	25
Belgian Franc	40.6304	40.4756	-0.38	1.56	22
D-Mark	1.96992	1.96547	-0.23	1.40	19
French Franc	6.60683	6.66611	0.90	0.27	-46
Danish Krone	7.51410	7.58778	0.98	0.19	-42
Irish Punt	0.735334	0.743953	1.17	0.00	-58

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.32-2.47pm. 12 Month 4.08-3.98pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

[illegible]

Long term Eurodollars: two years 4¼-4⅛ per cent; three years 5¼-5⅛ per cent; four years 5⅝-5½ per cent; five years 6¼-6⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan 12	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
...	[illegible]											
DM	0.398	0.613	1	74.83	3.395	0.918	1.125	[illegible]				
YEN	5.181	7.979	13.02	1000	44.18	11.95	14.64	[illegible]				
F Fr.	1.173	1.806	2.946	226.3	10.	2.706	3.313	[illegible]				
S Fr.	0.433	0.668	1.089	83.66	3.696	1	1.225	[illegible]				
N Fl.	0.354	0.545	0.889	68.32	3.018	0.817	1	[illegible]				
Lira	0.433	0.667	1.088	83.59	3.693	0.999	1.223	[illegible]				
C $	0.509	0.784	1.278	98.22	4.339	1.174	1.438	[illegible]				
B Fr.	1.932	2.976	4.854	372.9	16.48	4.458	5.459	[illegible]				
Pta	0.562	0.865	1.411	108.4	4.790	1.296	1.587	[illegible]				
Ecu	0.782	1.205	1.966	151.0	6.672	1.805	2.210	[illegible]				

Yen per 1,000. French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS; LIFFE SHORT STERLING OPTIONS; LIFFE EURO SWISS FRANC OPTIONS; LONDON (LIFFE); CHICAGO; PHILADELPHIA SE £/$ OPTIONS; PARIS; FT-SE 100 INDEX; POUND - DOLLAR

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls February	Calls March	Calls June	Puts February	Puts March	Puts June
111	-	2.25	-	0.07	0.24	0.51
112	1.15	1.44	2.49	0.12	0.42	0.75
113	0.45	0.81	-	0.36	0.77	1.10
114	0.09	0.38	1.47	-	-	-
115	0.01	0.16	1.01	-	-	-
Open Int.	8,550	174,719	39,586	10,520	157,212	25,305

Estimated volume 39,012 † Total Open Interest 416,112
† All Yield & Open Interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	7	Cyprus Popular Bank	7	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	7	NatWestminster	7
AIB Bank	7	Equatorial Bank plc	7	Northern Bank Ltd	7
●Henry Ansbacher	7	Exeter Bank Limited	8	Nykredit Mortgage Bnk	7.5
B & C Merchant Bank	13	Financial & Gen Bank	7	●Rea Brothers	7
Bank of Baroda	7	●Robert Fleming & Co	7	Roxburghe Bank Ltd	9
Banco Bilbao Vizcaya	7	Girobank	7	Royal Bk of Scotland	7
Bank of Cyprus	7	●Guinness Mahon	7	●Smith & Williamson Secs	7
Bank of Ireland	7	Habib Bank AG Zurich	7	Standard Chartered	7
Bank of India	7	●Hambros Bank	7	TSB	7
Bank of Scotland	7	Hampshire Trust Plc	13.5	Unibank plc	7
Barclays Bank	7	Heritable & Gen Inv Bk	7	●United Bk of Kuwait	7
Brit Bk of Mid East	7	●Hill Samuel	7	Unity Trust Bank Plc	7
●Brown Shipley	7	C. Hoare & Co	7	Western Trust	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Whiteaway Laidlaw	7
Citibank NA	7	Julian Hodge Bank	7	Yorkshire Bank	7
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
The Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

Euromark futures fall

SHORT-DATED Euromark futures fell for the second day running yesterday after a Bundesbank council member raised new doubts in the market about the speed and scale of future interest rate cuts in Germany, *writes James Blitz.*

The March Euromark contract opened yesterday at 92.08, a level which prices 3-month D-Marks at 7.82 per cent by the spring.

UK clearing bank base lending rate
7 per cent
from November 13, 1992

Three-month money was trading yesterday at around 8.55 per cent.

The assumption that there will be a fall in rates of around 70 basis points over the next two months was considered by one dealer to be "fair value" for the contract at the start of trading.

However, Mr Helmut Hesse, the Bundesbank council member for Bremen, dampened sentiment by saying that the German central bank should not make big, rapid interest rate cuts in view of the current inflationary trends in Germany.

The release of his speech, due to be delivered in the city of Bremen, helped to push the March contract down to a close of 92.03 after it had risen as high as 92.13 at one stage.

The June contract was worse hit, perhaps because, as one dealer put it, it was far too bullish on rate cuts. The contract fell 10 basis points to 92.88, at which level it prices 3-month money at 7.12 per cent in June.

There was little other news to affect the German market. Dealers already know that the Bundesbank will intervene in the market today using a fixed rate two-week repo of 8.60 per cent.

However, one dealer suggested that there will be interest in whether the Bundesbank uses a variable rate repo below 8.60 per cent, when lending money for 1 month.

French franc futures also fell back yesterday after a bullish start to trading, which saw the March contract as high as 90.53.

The contract fell back to close at 90.35, however, pricing 3-month french francs at 9.65 per cent by the spring. Three-month French cash remained far higher than this, however, closing yesterday at around 11⅝ per cent.

Short-dated sterling futures were slightly weaker after the Bank of England announced the date for the next gilt auction as January 27. The March short sterling contract fell 3 basis points to close at 93.26.

FT LONDON INTERBANK FIXING

[illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

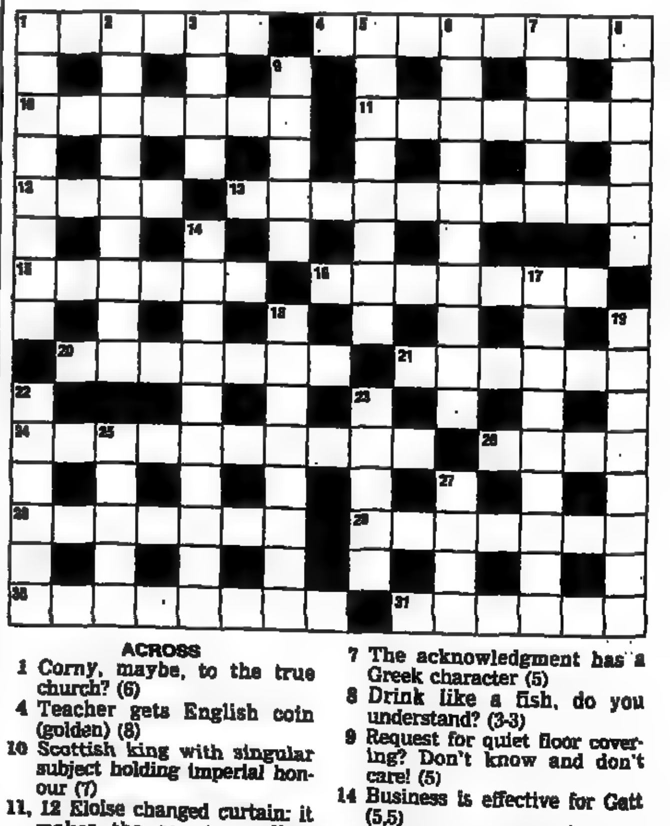
[illegible]

Money Market Bank Accounts

[illegible]

CROSSWORD

No.8,049 Set by CINEPHILE



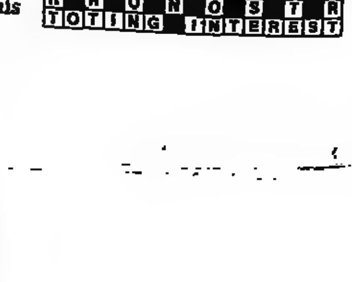
ACROSS

1 Corny, maybe, to the true church? (6)
4 Teacher gets English coin (golden) (8)
10 Scottish king with singular subject holding imperial honour (7)
11, 12 Eloise changed curtain: it makes the country yellow (7,4)
13 Minor contributions to one record: it leaves the S-word (10)
15 Anything but a jumbo jet? (6)
16 Clue about north end agitation for a president (7)
20 University for Bill? (7)
21 Student leaves poet to wonder (6)
24 Treaty suggesting firm maternal hand? (10)
26 Cut production? (4)
28 All past, perhaps, when cat finishes milk? (4,3)
29 Creeper on theatre roof? (7)
30 Agricultural policy, teas made by team (3,5)
31 Lots for horn? (6)

DOWN

1 What disorderly petty officer's crimes consist of? (8)
2 In the matter of agricultural policy, true revolution is needed to get back (9)
3 See 23
5 On the threshold of an ascent it's better than no bread! (8)
6 Die on canal, possibly this one? (10)
7 The acknowledgment has a Greek character (5)
8 Drink like a fish, do you understand? (3-3)
9 Request for quiet floor covering? Don't know and don't care! (5)
14 Business is effective for Gatt (5,5)
17 Entertainment is a feint (9)
18 Opened up, as US letters are decoded? (8)
19 Spy involved with peril hard to grasp (8)
22 Underwear used in summer but not in September (6)
23, 3 Deficiencies corresponding to long moments? (8)
25 Something of use to a stripper, perhaps (5)
27 Address to friend that may be precious (4)

Solution to Puzzle No.8,048



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WORLD STOCK MARKETS

AUSTRIA | FRANCE (continued) | GERMANY (continued) | NETHERLANDS (continued) | SWEDEN (continued) | SWITZERLAND | NORWAY | SPAIN | SOUTH AFRICA | ITALY | SWEDEN | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | GERMANY | NETHERLANDS | JAPAN | AUSTRALIA | AUSTRALIA (continued) | HONG KONG | MALAYSIA | SINGAPORE

Price data supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. (u) unavailable. ⊕ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

3 pm January 12

Quotations in cents unless marked $

200	CanGenInv	$26	26	26	
43600	Canamax	26	25	26	
21800	Canfor	$28¼	27⅞	27⅞	−⅛
74500	CnPcForest	$22	21½	21½	−½
1400	Cara Op	460	450	450	−10
1200	Cascades	$6¼	6¼	6¼	−⅛
30000	Celanese	$39¼	39½	39½	−¼
15300	Cntrl Cap	3	3	3	
5300	Cinepx Odn	215	210	215	+5
100700	Cntrl Fd A	445	440	445	−5
95300	Cominco	$18¼	18	18	−¼
21000	Coputalog	44	43	44	
14500	IntprvPipe	$22⅛	22⅛	22½	−¼
7900	Invest Grp	u$27⅞	26¾	27	
6800	Ivaco A	215	205	205	−15
2700	Jannock	$14¼	14	14¼	+⅛
500600	KerrAddis	$15¼	15¼	15¼	
1800	Labatt	$27	26¾	26¾	−¼
611100	Lac Minls	$6¼	d5⅞	6	+⅛
83000	Lafarge	$19¼	19	19½	+½
6800	Laidlaw A	$11¾	11⅝	11⅝	−⅛
209200	Laidlaw B	$11⅞	11⅝	11⅝	−⅛
1700	Laurent Bk	$19½	19½	19½	−¼
400	Reman S	u$20	20	20	
68500	Ren'ssance	$19⅝	19¼	19¼	−⅛
15700	Repap Ent	220	210	210	−5
57700	Rio Algom	$17⅛	17	17	−⅛
101900	RogersComB	u$15½	15¼	15⅜	+⅛
100	Rothmans	$101	101	101⅛	
125400	RoyalBkCan	$23⅜	23⅝	23⅝	−⅛
294800	Ryl Oak Mn	191	180	186	+6
81900	RylTrustco	320	305	315	+5
2100	StLawrCm A	$8¼	d8	8	−⅛
30100	SceptreRs	$6⅛	6⅛	6⅛	−⅛
22800	NatBk Can	$8	7¾	7¾	−⅛
100	Quebecor A	u$18½	18½	18⅝	
65600	Teleglobe	u$14⅞	14¾	14¾	
1000	Univa	$7¼	7¼	7¼	
8700	Videotron	$16⅛	16⅛	16⅛	

Total Sales 13,795,800 shares

† - No voting rights or restricted voting rights

MONTREAL

2:45 pm January 12

INDICES

NEW YORK

DOW JONES	Jan 11	Jan 8	Jan 7	Jan 6	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3262.75	3251.67	3268.96	3305.16	3413.21 (1/6/92)	3136.58 (9/10/92)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	103.49	103.59	103.75	103.90	103.90 (6/1/93)	98.41 (20/3/92)	103.90 (6/1/93)	54.99 (1/10/81)
Transport	1489.70	1488.29	1480.23	1467.74	1489.70 (11/1/93)	1204.40 (26/8/92)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.64	217.14	218.58	221.27	225.59 (3/1/92)	200.74 (8/4/92)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3284.09 (3280.31) Low 3228.98 (3221.68) (Theoretical♣)
Day's High 3262.75 (3268.96) Low 3250.05 (3231.95) (Actual♣)

STANDARD AND POOR'S

	Jan 11	Jan 8	Jan 7	Jan 6	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	430.95	429.05	430.73	434.52	441.28 (18/12/92)	394.50 (8/4/92)	441.28 (18/12/92)	4.40 (1/6/32)
Industrials	501.40	499.48	500.95	505.60	515.75 (18/12/92)	470.91 (8/4/92)	515.75 (18/12/92)	3.62 (21/6/32)
Financial	40.21	39.89	40.13	40.62	41.07 (30/12/92)	32.40 (8/4/92)	41.07 (30/12/92)	8.64 (1/10/74)
NYSE Composite	237.09	236.21	237.26	239.15	242.08 (18/12/92)	217.92 (8/4/92)	242.08 (18/12/92)	4.46 (25/4/42)
Amex Mkt. Value	397.24	395.84	397.12	397.60	418.99 (12/2/92)	364.85 (9/10/92)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	682.40	677.21	678.21	681.85	682.40 (11/1/93)	547.84 (26/6/92)	682.40 (11/1/93)	54.87 (31/10/72)

	Jan 7	Dec 31	Dec 24	year ago (approx.)
Dow Industrial Div. Yield	3.19	3.14	3.12	2.89
	Jan 6	Dec 16	Dec 9	year ago (approx.)
S & P Industrial div. yield	2.58	2.58	2.58	2.78
S & P Indl. P/E ratio	26.85	26.78	27.10	23.24

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Telefonos	7,398,900	54⅛	- 2⅛
IBM	3,874,700	47⅞	+ 1⅛
Eastman Kodak	3,761,900	45	+ 3¼
Chrysler	2,566,500	36⅞	+ ⅞
Merck	2,430,600	43⅛	+ ⅝
Philip Morris	2,356,500	74⅞	+ ⅛
K Mart	2,049,600	22⅞	- ⅝
General Motors	1,989,400	34¼	+ ⅞
Boeing	1,921,200	38¼	- ⅛
Bristol Myers	1,864,100	63½	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Jan 11	Jan 8	Jan 7
New York SE	217.150	262.620	303.140
Amex	13.424	16.977	20.048
NASDAQ	195.740	232.820	252.298
NYSE			
Issues Traded	2,417	2,427	2,433
Rises	1,101	680	727
Falls	710	1,178	1,158
Unchanged	606	569	548
New Highs	70	48	120
New Lows	23	20	17

CANADA TORONTO

	Jan 11	Jan 8	Jan 7	Jan 6	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2829.43	2812.35	2809.46	2872.69	3238.87 (16/1/92)	2529.91 (17/11/92)
Composite	3310.20	3311.77	3318.87	3353.01	3666.00 (16/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1742.96	1744.54	1748.32	1769.90	1937.59 (16/1/92)	1663.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10, and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed (u) Unavailable. ♣ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ‡ Dow Jones Indl: corrected figure for Jan. 7: 3268.96.

	Jan 12	Jan 11	Jan 8	Jan 7	1992/93 HIGH	1992/93 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1509.4	1514.1	1502.3	1530.9	1684.50 (22/5/92)	1357.20 (16/11/92)
All Mining (1/1/80)	592.6	595.0	588.2	600.5	736.80 (3/7/92)	545.40 (16/11/92)
AUSTRIA						
Credit Aktien (30/12/84)	302.23	303.68	305.24	307.31	458.57 (24/2/92)	291.41 (13/8/92)
Traded Index (2/1/91)	716.23	721.35	725.80	730.96	1099.43 (24/2/92)	682.96 (13/8/92)
BELGIUM						
BEL20 (1/1/91)	1146.02	1144.11	1143.97	1133.93	1239.40 (2/6/92)	1046.07 (2/9/92)
DENMARK						
Copenhagen SE (3/1/83)	265.62	265.50	266.85	266.99	365.29 (15/1/92)	250.42 (28/10/92)
FINLAND						
HEX General (28/12/90)	878.2	888.3	905.0	921.9	935.90 (24/2/92)	541.00 (7/9/92)
FRANCE						
CAC General (31/12/81)	477.62	484.92	483.61	485.15	556.93 (12/5/92)	441.70 (7/10/92)
CAC 40 (31/12/87)	1796.76	1814.58	1852.63	1844.47	2077.49 (11/5/92)	1611.04 (5/10/92)
GERMANY						
FAZ Aktien (31/12/58)	599.86	602.29	602.72	606.86	725.26 (26/5/92)	565.61 (12/10/92)
Commerzbank (1/12/53)	1698.9	1705.9	1707.7	1718.90	2043.80 (25/5/92)	1594.60 (12/10/92)
DAX (30/12/87)	1530.19	1531.96	1531.52	1542.50	1811.57 (25/5/92)	1420.30 (6/10/92)
HONG KONG						
Hang Seng Bank (31/7/64)	5671.26	5673.10	5529.56	5547.32	6447.11 (12/11/92)	4301.78 (2/1/92)
IRELAND						
ISEQ Overall (4/1/88)	1278.28	1291.19†	1293.43	1288.96	1469.57 (17/1/92)	1094.88 (19/10/92)
ITALY						
Banca Com. Ital. (1972)	451.11	449.21	456.69	455.45	551.59 (6/2/92)	354.93 (16/9/92)
MIB General (4/1/93)	997.0	992.0	1010.0	1006.0	1010.00 (8/1/93)	992.00 (11/1/93)
JAPAN						
Nikkei (16/5/49)	16683.05	16589.55	16634.69	16780.98	23801.18 (6/1/92)	14309.41 (18/8/92)
Tokyo SE (Topix) (4/1/68)	1281.98	1283.93	1289.52	1298.25	1763.43 (6/1/92)	1102.50 (18/8/92)
2nd Section (4/1/68)	1705.68	1707.59	1713.65	1715.32	2459.85 (6/1/92)	1502.77 (19/8/92)
MALAYSIA						
KLSE Composite (4/4/86)	616.46	621.46	629.51	636.26	660.35 (5/11/92)	546.63 (14/1/92)
NETHERLANDS						
CBS Tot Rtn Gen (End 1983)	295.9	295.6	297.4	299.2	314.90 (9/6/92)	274.00 (8/1/92)
CBS All Shr (End 1983)	199.2	198.9	200.1	201.4	215.50 (26/5/92)	189.70 (25/8/92)
NORWAY						
Oslo SE (Ind) (2/1/83)	696.50	684.55	690.84	695.57	772.74 (18/5/92)	532.43 (25/8/92)
PHILIPPINES						
Manila Comp (2/1/85)	1308.17	1314.09	1313.31	1292.21	1580.95 (11/6/92)	1083.01 (17/3/92)
SINGAPORE						
SES All-Singapore (2/4/75)	397.53	397.93	401.61	402.82	416.99 (21/1/92)	351.41 (21/10/92)
SOUTH AFRICA						
JSE Gold (28/9/78)	789.0♥	801.0	790.0	793.0	1327.00 (21/1/92)	746.00 (10/11/92)
JSE Industrial (28/9/78)	4556.0♥	4562.0	4534.0	4478.0	4689.00 (4/6/92)	3936.00 (19/10/92)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	703.05	708.42	704.50	696.95	708.42 (11/1/93)	459.07 (21/8/92)
SPAIN						
Madrid SE (30/12/85)	219.11	219.37	220.12	220.12	266.31 (28/2/92)	179.48 (5/10/92)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	935.2	943.10	948.30	944.00	1014.50 (1/5/92)	639.00 (5/10/92)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	915.4	904.8	918.3	924.3	938.10 (5/1/93)	748.50 (8/1/92)
SBC General (1/4/87)	687.1	678.7	685.1	687.5	696.40 (6/1/93)	596.40 (26/8/92)
TAIWAN**						
Weighted Price (30/6/66)	3217.55	3171.24	3171.99	3135.56	5391.63 (30/1/92)	3135.56 (7/1/93)
THAILAND						
Bangkok SET (30/4/75)	933.60	926.70	920.79	914.32	963.03 (5/11/92)	667.84 (19/5/92)
WORLD						
M.S. Capital Intl.(1/1/70) $	489.3*	490.5	489.7	493.1	542.10 (7/1/92)	467.50 (8/4/92)
Euro Top-100 (26/6/90)	864.49	866.03	874.04	874.78	976.55 (25/5/92)	772.52 (5/10/92)

**Saturday January 9: Taiwan Weighted Price: 3088.43, Korea Comp Ex. 709.77 *Calculated at 15.00 GMT.
♥ Subject to official recalculation. † Corrected Figure

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday, 12 January, 1993

	Stocks Traded	Closing Prices	Change on day
Odakyu Elec Rail	3.6m	+1	662
Shiseido	3.2m	-30	1,350
Nikko Kyodo Co	2.5m	+5	304
Nippon Jutaku	1.8m	+14	540
Hitachi	1.7m	-4	785
Mitsubishi Heavy	1.7m		526
Victor Co of Jpn	1.7m	+50	850
Nippon Steel	1.6m		356
Mitsui Min & Sml	1.6m	+14	456
Isuzu Motor	1.3m	-1	316

3 pm January 12

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

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NYSE COMPOSITE PRICES

Continued from previous page

1992–93 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
39	26¾	SalomonInc	0.64	1.7	13	386	37¼	36¾	36⅞	−¼
25	21¼	SanDgo G&E	1.44	6.1	14	266	23¾	23⅝	23⅝	−⅛
4⅞	2⅞	SantaFeEDu	0.40	10.7	62	64	3⅞	3½	3¾	−⅛
9⅞	7	SantaFeERs	0.16	1.8	872	107	9⅛	8¾	8⅞	+⅛
39¾	30¾	SantaFePac	2.80	7.8	12	33	36¼	35⅞	36⅛	
14⅛	10⅝	SantaFeSth	0.10	0.7	33	5774	13½	13⅛	13½	+⅛
32½	20¼	Sara Lee	0.14	0.5	21	6484	28	27⅝	27¾	+½
44¾	38⅝	Scana Corp	2.88	6.6	14	478	40⅝	40⅛	40½	−¼
47⅜	40¼	Scecorp x	2.80	6.5	13	1085	43⅛	43	43	+⅛
38½	22⅛	SchererRP			100	499	33⅜	33¼	33¼	−⅛
70	48⅞	SheringPl	1.56	2.6	17	4301	60½	58	58⅝	−¼
70⅝	52¼	Sch'berger	1.20	2.2	16	5083	56½	55⅛	55¼	−½
37¼	16⅜	Schwab(C)	0.24	0.9	15	541	28⅜	27¾	28	−⅛
10⅞	4½	Schwitzer			64	4	6	6	6	+⅛
27½	10¼	SciensAtln	0.08	0.3	43	1858	26⅛	25⅝	25⅝	−⅛
10⅝	7⅛	Scotman	0.10	1.1	76	1762	9⅜	9⅛	9⅛	−¼
46	34½	ScottPaper x	0.80	2.3	70	3173	35⅞	34¼	34¼	−⅛
17½	13½	ScuddrNAsF	0.65	3.7		85	15	14¾	15	−½
9⅝	7½	ScuddrNEuF	0.34	4.4		975	7⅛	d7½	7⅛	+⅛
24	13	Sea Contrs	0.45	2.1	12	40	21⅞	21⅛	21⅛	
15¾	14⅞	SeaC1.4625	1.46	9.5		13	15½	15¼	15⅜	−⅜
31	25⅛	Seagram Co	0.56	2.3	13	4916	25	d24⅝	24⅝	
32¾	21⅝	Seagull En			81	1074	30¼	29⅞	30¼	−⅛
28½	20½	Sealed Air			24	32	25⅝	25½	25½	+⅛
23	12⅛	SPX Corp	0.40	2.3	15	132	17⅜	17	17¼	
48	37	Sears Roeb	2.00	4.5	36	8701	44⅝	43⅞	44½	−⅛
13¾	11⅞	Seligm Sel	0.86	6.7		131	13⅛	12⅞	12⅞	
32⅞	22½	Sensormat	0.30	0.9	27	344	32⅛	32½	32⅝	−¼
57	29	Sequa A	0.60	1.9	24	z100	32⅛	32⅛	32⅛	−⅛
58	30¼	Sequa B	0.60	1.5	17	10	33¼	33	33¼	
[illegible]										

1992–93 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
44⅛	24⅞	Xtra 1.94	1.94	4.4		39	u44⅛	44⅛	44⅛	
64⅛	28½	Xtra Corp	0.80	1.2	17	208	u65⅛	65	65	−⅛
30⅞	25¼	Yankee Egy	1.65	5.6	13	28	29⅞	29⅝	29⅝	
1½	½	Zapata			40	276	⅞	¾	¾	
11⅛	5	ZenithElec			2	162	6⅛	6	6	−⅛
20	14½	Zenith Nat	1.00	4.8	10	18	u20⅝	20⅝	20⅝	
7½	6	Zenix Inc	0.82	12.1		32	6⅞	6⅝	6⅝	−⅛
14⅛	10	Zero Corp	0.40	2.8	22	59	u14⅛	14⅜	14½	+⅛
39⅝	27¼	Zurn Ind	0.88	2.2	44	187	u39¾	39¼	39½	+⅛
14⅛	12	Zweig Fund x	1.44	11.1		348	13	12⅞	13	+⅛
11	9½	Zweig Totl	0.96	9.5		453	10⅛	10	10⅛	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an *accumulative issue with dividends in arrears. n-new issue in* the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. *u-new yearly high. v-trading halted. vi-in bankruptcy or* receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. *xw-without warrants.* y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3 pm January 12

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pegasus G	0.10	25	874	13½	13⅛	13¼	
Perini	0.80	17	65	17⅜	17¼	17¼	−⅛
Pet HMP	1.14	11	z100	17	17	16¾	−⅛
Phil LD	0.25	9	505	34⅛	34⅛	34¼	+⅛
[illegible]							

NASDAQ NATIONAL MARKET

3 pm January 12

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							
Xilinx		26	1357	25	23½	23⅞	−⅛
Xoma Corp		4	1369	9⅛	9¼	9¼	−½
Yellow Fr	0.94	21	624	28	27⅛	27½	−⅝
York Rsch		7	634	7⅛	6⅞	7	−⅛
ZionsUtah	0.64	12	26	76½	74¾	76	−½

AMERICA

Dow trades in narrow range on Gulf fears

Wall Street

US share prices were trapped in a narrow trading range either side of opening values yesterday as investors awaited developments in the Middle East and more concrete details of President-elect Bill Clinton's deficit-reduction plans, *writes Patrick Harverson in New York*.

At 1 pm, the Dow Jones Industrial Average was 0.54 lower at 3,262.21, having spent all morning no more than 5 points above or below Monday's close. The more broadly based Standard & Poor's 500 was also little changed at the halfway mark, down just 0.21 at 430.74, while the Amex composite was 0.01 lower at 397.23, and the Nasdaq composite down 0.76 at 681.64. Volume on the NYSE was 139m shares by 1 pm.

News that Iraqis had entered Kuwait for the third time increased tension in the Middle East. It also made investors even more cautious about buying stocks ahead of what might turn out to be a resumption of hostilities in the Gulf.

Uncertainty about the direction of domestic economic policy also contributed to the market's lack of direction. Senator Lloyd Bentsen, the treasury secretary designate, appeared before Congressional hearings yesterday but provided few specific details on the likely policies of the Clinton administration.

Among individual stocks, Chrysler dropped $1¼ to $34⅞ in volume of 3m shares as investors reacted to the news released late on Monday that the financially-stretched car manufacturer plans to bolster its balance sheet by raising nearly $1.5bn through an international offering of shares.

Elsewhere in the auto sector, Ford eased $¼ to $45 and General Motors slipped by a similar amount to $34⅛.

The brokerage house SG Warburg issued a report yesterday which said that Ford was gaining market share at GM's expense.

IBM continued to regain some of the ground lost over recent weeks. After hitting a low last week of $45⅞, the stock has since risen more than $3. Yesterday, it added another $1⅞ at $49⅛ in busy trading.

The first batch of 1992 fourth-quarter earnings reports trickled in yesterday, with Paramount firming $⅛ to $43 on news of a 22 per cent jump in the entertainment group's final quarter net income to $110.2m.

Investors appeared equally unimpressed with record earnings from the Federal National Mortgage Association, which reported an 18 per cent rise in October-to-December profits to $426.4m, but saw its share price edge $⅛ lower to $77⅜.

On the Nasdaq market, Rexon fell $1⅛ to $7½ and Marcam plunged $5¼ to $21¾ after the two companies issued profits warnings.

Canada

TORONTO stocks edged higher at midsession, underpinned by a recovery in gold shares and activity in the junior oil and gas sector, where many shares continued to set 52-week highs. The market was also helped by a jump in heavily-weighted BCE.

The TSE-300 Index rose 4.2 to 3,314 in volume of 26m shares valued at C$161m. Declining shares, however, led advances by 239 to 200 with 241 unchanged.

BCE Inc jumped after Bear Stearns initiated coverage on the company with a "buy" recommendation. Strength in BCE, which was up C$1⅛ at C$42 boosted the shares of Northern Telecom.

SOUTH AFRICA

DE BEERS led a recovery in prices in afternoon trading with a 75-cent rise to R66. However, the overall index finished 3 down at 3,408, industrials slipped 6 to 4,556 and the gold index lost 12 to 789. Anglos fell 75 cents to R96.50.

EUROPE

Paris weakens on poor LVMH results

THE continent was mixed yesterday as tension in the Gulf generally kept activity subdued, *writes Our Markets Staff*.

PARIS was disappointed by the unscheduled 1992 earnings report from LVMH, which was prompted by a bearish statement from Guinness, the UK drinks group with which LVMH has a cross-shareholding. The CAC-40 index fell 21.05 to 1,793.53 in steady turnover of FFr2.1bn.

Shares in LVMH and its affiliated companies, Christian Dior, Au Bon Marché, Agache and Arnault et Associes were suspended pending the statement. They are due to be requoted today.

LVMH later said that 1992 net group profit would fall 20 per cent to FFr3bn from FFr3.74bn the previous year, due in part to the restructuring costs at Guinness. The UK company disclosed that it would take a £125m exceptional charge in its 1992 accounts to fund a three-year re-organisation.

TF1, the television station, rose FFr18.60 to FFr405.50 amid reports of a change in its programming structure which should lead to lower costs.

FRANKFURT continued to play a waiting game, moving Volkswagen and and Siemens ahead of meetings today and tomorrow as the DAX index ended 1.77 lower at 1,530.19. Turnover rose from DM3.7bn to DM4.2bn.

VW recovered another DM6.40 to DM262.90 ahead of today's extraordinary board meeting, on a report that it plans to cut 30,000 jobs by the end of 1994.

Siemens, which led the market down late last week, rose DM5.10 to DM577.80. Analysts expect the electronics group to report a slight fall in first-quarter profits at its annual news conference tomorrow.

Commerzbank ended DM1.90 lower at DM241.10 and, after the close, announced a one-for-11 rights issue at DM200 a share.

AMSTERDAM advanced on selective buying, with the CBS Tendency index rising 0.4 to 96.4. Nedlloyd, which saw a day's high of Fl 29.40 as buyers returned after Monday's 10 per cent fall, closed 20 cents ahead at Fl 27.60.

Publishers showed activity with Elsevier up 80 cents at Fl 123.90 and VNU rising Fl 1.10 to Fl 92.60 on recent positive brokers' forecasts.

MILAN staged a late recovery from earlier lows thanks to gains in Generali and Credito Italiano, and the Comit index rose 1.9 to 451.11 in turnover estimated at not more than Monday's L196bn. The launch of the Republic of Italy's DM5bn Eurobond also boosted sentiment.

Generali rose L5 to settle at L30,000 lire but then gained a further L800 after hours. Credito Italiano rose L142 or 4.8 per cent to L3,117 on a newspaper report that its privatisation was well under way. The state-controlled food group Sme, another privatisation candidate, rose L63 to L5,883.

ZURICH recovered from Monday's decline, the SMI index closing 29.8 higher at 2,079.3. Lower interest rates lifted financials, UBS bearers rising SFr15 to SFr875.

Adia bearers rose SFr19 to SFr220 and certificates by SFr3 to SFr27.50 on rumours that the temporary employment group planned to swap its certificates into bearer stock.

MADRID featured a 5.5 per cent gain in Ebro, up Pta75 to Pta1,425, on news earlier in the week that Grupo Torras, the Spanish investment division of the KIO, is putting its 36 per cent stake up for sale. The general index lost 0.26 to 219.11.

BRUSSELS saw continued interest in Delhaize which fell BFr12 to BFr1,266 on profit-taking after recent strong gains. The Bel-20 index closed 1.90 higher at 1,146.01 in turnover of BFr933m.

STOCKHOLM closed lower in a continued reaction to the presentation of the government's budget proposal for the fiscal year 1993/94 on Monday. The downgrading of six Swedish banks and financial institutions by Moody's, the US credit rating agency, also weighed on sentiment, with the banking sector slipping 3.1 per cent. The Affärsvärlden general index fell 7.9 to 935.2 in turnover of SKr708m.

HELSINKI closed lower for a third straight session as government plans to lower the nominal value of bank shares in compensation for state support sent the sector's shares lower. The bank and finance index fell a further 6.7 per cent while the HEX index lost 10.0 to 878.20.

OSLO was encouraged by rises in Norsk Hydro and Hafslund as the all-share index gained 6.14 or 1.6 per cent to 392.0 in turnover of NKr185m.

Hafslund's B-shares advanced NKr7 to NKr159 on news that the US Food and Drug Administration had granted approval for the marketing there of Omniscan which is used in magnetic resonance imaging examinations. Norsk Hydro gained NKr2.5 to NKr165.5.

VIENNA fell back after data showed unemployment at its highest level in 39 years. The ATX index lost 5.12 to 716.23 with OMV falling Sch7 to Sch587.

FT-SE Actuaries Share Indices THE EUROPEAN SERIES

January 12 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1070.82	1069.55	1070.00	1070.44	1072.12	1072.08	1072.15	1071.43
FT-SE Eurotrack 200	1154.79	1152.87	1154.00	1155.39	1155.38	1153.95	1151.22	1152.84

	Jan 11	Jan 8	Jan 7	Jan 6	Jan 5
FT-SE Eurotrack 100	1069.87	1080.25	1081.92	1091.58	1090.07
FT-SE Eurotrack 200	1155.95	1167.34	1171.90	1179.18	1180.16

Base value 1000 (26/10/90) High/day: 100 - 1073.33; 200 - 1156.98 Low/day: 100 - 1068.10 200 - 1151.12

ASIA PACIFIC

Nikkei rises slightly as HK holds on to gains

Tokyo

MARKET indices gave a mixed picture of the mood in Tokyo yesterday. The Nikkei average climbed a little after a week of consecutive falls, but the more broadly based Topix index eased slightly, *writes Bethan Hutton in Tokyo*.

The Nikkei closed 91.50 up at 16,681.05, opening at a low for the day of 16,585.53 and reaching a high of 16,734.02 before receding later in the session.

Volume continued to be very low, estimated at 150m shares, the same as the previous day. Declining stocks marginally outnumbered gainers by 441 to 421, with 212 issues unchanged. The Topix index of all first section shares ended 1.95 off at 1,281.98, having remained in a narrow range all day. In London, the ISE/Nikkei 50 index edged up 0.35 to 1,039.97.

Mr Chris Newton, at James Capel, described the Nikkei's moderate rally as unconvincing and largely technically based. "We saw virtual paralysis today. Only a certain amount of investment trust buying was going on," he said. There was also some buying by small public pension funds.

Victor Co of Japan (JVC) climbed Y50 to Y890 in volume of 1.7m shares after Matsushita Electric Industrial said it would adopt JVC's new W-VHS standard for its own high-definition television video recorders. The rest of the sector continued to weaken, with the exception of Pioneer Electronic, which gained Y20 at Y2,580. Matsushita shed Y10 to Y1,100, Sony Y50 to Y4,110 and TDK Y10 to Y3,490.

The likelihood of lower profits estimates pushed Tokyo Steel down Y160 to Y2,610. Nippon Housing Loan was traded actively, putting on Y6 at Y295, after a newspaper report suggested that the company's restructuring programme would be more extensive.

Gold-related shares continued to do well out of uncertainty in the Middle East, and the expectation that gold commemorative coins will be minted to mark the wedding of the Crown Prince later this year. Sumitomo Metal Mining appreciated Y9 to Y658 and Mitsui Mining and Smelting Y14 to Y471.

Shiseido, the cosmetics sector leader, lost Y30 to close at Y1,330 in active trading related to the issue of a warrant bond. Odakyu Electric Railway was the most heavily traded stock, ending Y1 firmer at Y662 after volume of 3.69m shares.

In Osaka the OSE index rose 11.45 to 18,321.18 in high volume of 97m shares.

Roundup

THE Pacific Rim put in a mixed performance yesterday. Bombay remained closed as riots in the city continued.

HONG KONG held on to Monday's gains, created by renewed interest from overseas institutions. The Hang Seng index finished just 1.84 down at 5,671.26 in turnover of HK$2.45bn.

Hongkong Telecom was unchanged at HK$9.70, HSBC 50 cents lower at HK$58.50 and Hang Seng Bank HK$1 higher at HK$55.

SINGAPORE ended little changed but the underlying tone softened as sellers started to emerge. The Straits Times Industrial index closed at 1,545.02, up 1.06, in volume of 67.2m shares.

SIA Foreign was ahead 5 cents at S$9.10, ex a one-for-one scrip issue.

SEOUL lost ground for the second day in a technical correction. The composite index closed 5.37 lower at 703.05 in turnover of Won653.95bn, against Won836.66bn.

NEW ZEALAND recovered most of what it lost on Monday, the NZSE-40 index ending 20.76 higher at 1,520.71.

The market had been worried about prospects following base rate increases by the ANZ and BNZ banks last week, but several banks have declined to follow this lead and sentiment has improved.

BANGKOK reported rallies in four major banks and two big property companies, and the SET index climbed a further 6.9 to 933.6 in turnover of Bt8.21bn.

The index has risen by 5.2 per cent in the past six trading days and, over the past two days, some traders said that banks were looking overbought.

TAIWAN rose on a technical rebound and on hopes of a cut in the stock transaction tax. The weighted index closed 46.31 ahead at 3,217.55 but turnover contracted to T$6.4bn from T$8.3bn.

KUALA LUMPUR finished lower on further selling as talk of lower than expected economic growth in the last quarter of 1992 continued to affect sentiment. The composite index fell 5.0 to 616.5 in volume of 63.2m shares.

JAKARTA reported active trading at the close after initial lethargy, but prices ended mixed and the official index eased 0.45 to 278.07.

Tel Aviv pauses after an outstanding year in 1992

More modest gains lie ahead, says **Hugh Carnegy**

After a breathtaking year in 1992, investors on the Tel Aviv Stock Exchange (TASE) may have to settle for more modest gains in 1993. But there is still some confidence in the market that the graph will continue to point upwards this year.

A potent combination of strong economic growth, rising corporate profitability, low interest rates, falling inflation, liberalisation and optimism over the Middle East peace talks made the TASE an outstanding performer in 1992, outstripping markets in North America, Europe and the Far East.

The general index climbed more than 74 per cent on the year, while the narrower index of the 94 most-traded stocks was up in excess of 95 per cent.

Volume rocketed to Shk37bn ($14.8bn) for the year, compared to Shk19bn in 1991, and for the first time, equity market capitalisation of Shk77bn at the year-end was greater than that of the government securities market, which has traditionally dominated the TASE.

All this came on top of a strongly rising trend in the previous 18 months, broken only by a dip during the Gulf crisis of 1990-91.

Mr Saul Bronfeld, managing director of the TASE, attributes this remarkable bull run to confidence that the economy, fuelled by mass immigration from the former Soviet Union, is in a period of real growth not seen since the early 1970s: real GNP growth for 1992 was 6.4 per cent.

Confidence was enhanced, perhaps prematurely, by a spreading belief in the market, following the election of Mr Yitzhak Rabin's Labour-led government in mid-year, that the Middle East peace talks, begun in late 1991, would ultimately yield the political stability that the economy has always lacked.

In addition, liberalisation in the capital markets, including a relaxation of foreign exchange controls and a rise in the proportion of funds that providential funds can invest in equities, has fuelled demand in what remains a tightly held market, in spite of a flood of new issues over the past 18 months.

As 1992 ended, some of the excitement had subsided. Economic growth may slow this year and the outlook for the peace talks has been clouded by the crisis over the deportation of 415 Palestinians to Lebanon.

In November and December, issues worth a total of more than Shk1bn by IBD Holding, a big investment group, and First International Bank of Israel were oversubscribed respectively 120 and 400 times. The first foreign-based funds for investing in Israeli securities were set up last year.

To soak up this demand, the market is clamouring for the government to fulfil its promise to accelerate privatisation of the state's big industrial holding companies such as Israel Chemicals, Bezeq, the telecoms monopoly, the electricity utility and El Al, the national airline.

"We feel the market can absorb a lot of new issues. If things continue as they have in 1992 there is certainly big scope for privatisation issues," says Mr Bronfeld.

Some 25 per cent of Bezeq and Israel Chemicals have been sold off on the TASE and the government plans to float a 20 per cent stake in each of the country's two biggest banks, Bank Leumi and Bank Hapoalim, in February, raising up to Shk2bn. Mr Bronfeld says that the pace should be stepped up in case an opportunity to sell off the companies – and deepen the market – is missed.

But as 1992 ended, some of the excitement had tempered. Economic growth may slow this year and the outlook for the peace talks has been clouded by the crisis over the deportation in December of 415 Palestinians to Lebanon.

So far in January, the market has been steady and some analysts believe that with an average price-earnings ratio of around 20 times, a period of consolidation is now desirable.

Mr Mark Meiras, managing director of Pacific Mediterranean Investments, which provides independent market analysis, foresees a solid, but calmer, year. "I think the market can maintain something like 25 per cent growth. That is slow compared to the last 2½ years; but in my opinion this market needs to take a breather," he says.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JANUARY 11 1993								FRIDAY JANUARY 8 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992/93 High	1992/93 Low	Year ago (approx)
Australia (69)	119.29	+0.6	113.84	94.29	101.12	118.02	+0.8	4.12	118.62	114.05	93.92	100.99	117.32	153.68	108.18	148.31
Austria (18)	133.48	+0.0	127.39	105.52	113.15	112.93	−0.7	2.16	133.51	128.37	105.71	113.67	113.75	186.70	132.97	168.33
Belgium (42)	133.97	+0.8	127.86	105.89	113.57	110.85	−0.1	5.16	132.97	127.85	105.27	113.20	111.00	152.27	131.19	140.29
Canada (113)	113.29	+0.3	108.12	89.55	96.03	104.64	−0.2	3.24	112.92	108.57	89.40	96.13	104.83	142.12	111.36	139.13
Denmark (33)	189.64	−0.7	180.98	149.90	160.75	162.62	−1.0	1.68	190.92	183.56	151.16	162.53	164.24	273.94	181.70	268.11
Finland (23)	71.10	−2.2	67.86	56.21	60.27	81.03	−2.8	1.74	72.71	69.90	57.57	61.90	83.39	89.80	52.84	84.81
France (99)	144.55	−1.2	137.95	114.25	122.52	125.67	−1.7	3.59	146.33	140.69	115.84	124.56	127.85	188.75	136.93	149.56
Germany (62)	102.68	+0.4	98.00	81.18	87.04	87.04	+0.0	2.61	102.23	98.29	80.95	87.03	87.03	129.69	102.20	116.82
Hong Kong (55)	227.15	+2.1	216.78	179.55	192.56	225.78	+2.1	3.97	222.57	214.00	176.21	189.49	221.23	262.26	176.36	177.91
Ireland (16)	144.96	+1.1	138.34	114.58	122.88	125.89	+0.0	4.30	143.31	137.79	113.46	122.01	125.93	173.71	122.98	166.24
Italy (76)	55.08	−0.3	52.57	43.54	46.69	60.86	−1.7	3.41	55.27	53.14	43.76	47.05	61.92	80.86	47.47	77.03
Japan (472)	102.82	−0.3	98.13	81.28	87.17	81.28	−0.5	1.03	103.13	99.16	81.65	87.81	81.65	140.95	87.27	125.89
Malaysia (69)	255.03	−1.5	243.39	201.58	216.18	254.73	−1.6	2.61	258.89	248.92	204.96	220.40	258.99	282.42	212.49	212.49
Mexico (18)	1690.82	−1.4	1613.65	1336.53	1433.30	5748.41	−1.3	1.04	1715.04	1646.97	1357.84	1460.07	5823.25	1789.77	1185.84	1460.29
Netherland (25)	151.02	−0.2	144.13	119.38	128.02	126.28	−0.6	4.51	151.33	145.50	119.81	128.83	127.05	169.70	147.88	150.14
New Zealand (13)	40.96	−1.7	39.09	32.38	34.72	42.47	−2.0	5.16	41.68	40.07	33.00	35.49	43.34	48.52	37.39	46.53
Norway (22)	142.15	−0.1	135.66	112.36	120.50	134.57	−0.7	1.79	142.29	136.81	112.66	121.14	135.58	192.95	128.05	180.31
Singapore (38)	210.24	−1.0	200.64	166.19	178.22	180.73	−1.2	2.05	212.32	204.14	168.10	180.75	182.76	229.63	179.65	215.88
South Africa (60)	156.20	+2.1	149.07	123.46	132.40	165.53	+1.2	3.08	152.99	147.09	121.12	130.24	163.54	263.60	134.21	261.25
Spain (47)	118.22	+0.3	112.83	93.45	100.22	103.62	−0.3	5.88	117.92	113.38	93.36	100.39	103.98	161.72	107.10	154.99
Sweden (36)	162.61	+0.0	155.18	128.54	137.84	176.93	−0.9	2.43	162.55	156.29	128.70	138.39	178.49	200.28	149.69	181.53
Switzerland (56)	108.91	−1.1	103.94	86.09	92.33	100.64	−1.3	2.13	110.11	105.86	87.18	93.75	101.98	122.37	95.99	100.82
United Kingdom (226)	173.20	−0.3	165.29	136.89	146.80	165.29	−1.0	4.48	173.67	166.98	137.49	147.84	166.98	200.07	161.88	178.52
USA (522)	176.16	+0.4	168.12	139.25	149.33	176.16	+0.4	2.90	175.38	168.62	138.86	149.31	175.38	180.06	160.92	169.17
Europe (781)	135.41	−0.3	129.22	107.03	114.79	123.60	−0.9	3.82	135.83	130.60	107.54	115.64	124.78	156.88	131.31	145.04
Nordic (114)	147.86	−0.3	141.11	116.88	125.34	142.48	−1.1	2.15	148.36	142.65	117.46	126.31	143.99	188.52	141.24	184.79
Pacific Basin (715)	107.52	−0.2	102.61	84.99	91.15	88.83	−0.3	1.39	107.71	103.56	85.28	91.70	87.11	141.97	93.70	128.01
Euro – Pacific (1496)	118.81	−0.2	113.38	93.91	100.71	101.51	−0.6	2.52	119.09	114.51	94.28	101.38	102.13	145.21	113.80	135.12
North America (635)	172.26	+0.4	164.40	136.18	146.05	171.31	+0.4	2.92	171.51	164.90	135.80	146.03	170.59	176.04	158.70	167.25
Europe Ex. UK (555)	113.09	−0.3	107.93	89.41	95.89	100.88	−0.9	3.33	113.48	109.11	89.88	96.63	101.80	132.96	111.33	124.66
Pacific Ex. Japan (243)	153.65	+0.6	146.64	121.48	130.26	143.45	+0.6	3.70	152.70	146.82	120.92	130.02	142.62	175.31	146.06	149.00
World Ex. US (1687)	120.03	−0.2	114.55	94.89	101.75	103.66	−0.6	2.53	120.27	115.64	95.23	102.40	104.26	146.91	115.99	137.45
World Ex. UK (1983)	134.68	+0.1	128.54	106.47	114.18	122.08	+0.0	2.48	134.53	129.34	106.52	114.54	122.13	150.58	127.21	144.12
World Ex. So. Af. (2149)	138.00	+0.1	131.70	109.09	116.99	125.51	−0.2	2.69	137.92	132.61	109.21	117.43	125.71	153.05	130.04	146.36
World Ex. Japan (1737)	157.88	+0.2	150.67	124.81	133.86	151.92	+0.0	3.24	157.57	151.50	124.76	134.16	151.97	165.40	151.93	159.72
The World Index (2209)	138.02	+0.1	131.72	109.10	117.01	125.88	−0.1	2.69	137.92	132.60	109.20	117.42	126.06	153.70	130.66	147.12

Latest prices were unavailable for this edition.

هكذا من الأصل